



General Assembly

Substitute Bill No. 877

January Session, 2019



AN ACT CONCERNING REVENUE ITEMS TO IMPLEMENT THE BIENNIAL BUDGET.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (*Effective from passage*) (a) The Department of Revenue
2 Services shall analyze the impact on taxpayers of implementing a
3 payroll tax of five per cent on wages and reducing the personal income
4 tax rates under section 12-700 of the general statutes on wage income
5 by four percentage points for individuals in the top three income tax
6 brackets and five percentage points for individuals in all other income
7 tax brackets. Such analysis shall determine (1) the net federal and state
8 income tax liability for wage income for each income tax bracket for all
9 taxpayers, and (2) the refundable income tax credits that would be
10 necessary for taxpayers in certain income tax brackets to ensure that no
11 income tax bracket realizes an overall increase in income tax liability.
12 Such analysis shall include tables showing the adjusted net federal and
13 state income tax liability for each tax bracket for all taxpayers and
14 information about the rates, bases and credits required to implement
15 such reduction.

16 (b) Not later than January 1, 2020, the Commissioner of Revenue
17 Services shall submit such analysis, in accordance with the provisions
18 of section 11-4a of the general statutes, to the joint standing committee
19 of the General Assembly having cognizance of matters relating to

20 finance, revenue and bonding.

21 Sec. 2. Subparagraph (B) of subdivision (20) of subsection (a) of
22 section 12-701 of the general statutes is repealed and the following is
23 substituted in lieu thereof (*Effective from passage and applicable to taxable*
24 *years commencing on or after January 1, 2019*):

25 (B) There shall be subtracted therefrom:

26 (i) To the extent properly includable in gross income for federal
27 income tax purposes, any income with respect to which taxation by
28 any state is prohibited by federal law;

29 (ii) To the extent allowable under section 12-718, exempt dividends
30 paid by a regulated investment company;

31 (iii) To the extent properly includable in gross income for federal
32 income tax purposes, the amount of any refund or credit for
33 overpayment of income taxes imposed by this state, or any other state
34 of the United States or a political subdivision thereof, or the District of
35 Columbia;

36 (iv) To the extent properly includable in gross income for federal
37 income tax purposes and not otherwise subtracted from federal
38 adjusted gross income pursuant to clause (x) of this subparagraph in
39 computing Connecticut adjusted gross income, any tier 1 railroad
40 retirement benefits;

41 (v) To the extent any additional allowance for depreciation under
42 Section 168(k) of the Internal Revenue Code for property placed in
43 service after September 27, 2017, was added to federal adjusted gross
44 income pursuant to subparagraph (A)(ix) of this subdivision in
45 computing Connecticut adjusted gross income, twenty-five per cent of
46 such additional allowance for depreciation in each of the four
47 succeeding taxable years;

48 (vi) To the extent properly includable in gross income for federal

49 income tax purposes, any interest income from obligations issued by or
50 on behalf of the state of Connecticut, any political subdivision thereof,
51 or public instrumentality, state or local authority, district or similar
52 public entity created under the laws of the state of Connecticut;

53 (vii) To the extent properly includable in determining the net gain
54 or loss from the sale or other disposition of capital assets for federal
55 income tax purposes, any gain from the sale or exchange of obligations
56 issued by or on behalf of the state of Connecticut, any political
57 subdivision thereof, or public instrumentality, state or local authority,
58 district or similar public entity created under the laws of the state of
59 Connecticut, in the income year such gain was recognized;

60 (viii) Any interest on indebtedness incurred or continued to
61 purchase or carry obligations or securities the interest on which is
62 subject to tax under this chapter but exempt from federal income tax,
63 to the extent that such interest on indebtedness is not deductible in
64 determining federal adjusted gross income and is attributable to a
65 trade or business carried on by such individual;

66 (ix) Ordinary and necessary expenses paid or incurred during the
67 taxable year for the production or collection of income which is subject
68 to taxation under this chapter but exempt from federal income tax, or
69 the management, conservation or maintenance of property held for the
70 production of such income, and the amortizable bond premium for the
71 taxable year on any bond the interest on which is subject to tax under
72 this chapter but exempt from federal income tax, to the extent that
73 such expenses and premiums are not deductible in determining federal
74 adjusted gross income and are attributable to a trade or business
75 carried on by such individual;

76 (x) (I) For taxable years commencing prior to January 1, 2019, for a
77 person who files a return under the federal income tax as an
78 unmarried individual whose federal adjusted gross income for such
79 taxable year is less than fifty thousand dollars, or as a married
80 individual filing separately whose federal adjusted gross income for

81 such taxable year is less than fifty thousand dollars, or for a husband
82 and wife who file a return under the federal income tax as married
83 individuals filing jointly whose federal adjusted gross income for such
84 taxable year is less than sixty thousand dollars or a person who files a
85 return under the federal income tax as a head of household whose
86 federal adjusted gross income for such taxable year is less than sixty
87 thousand dollars, an amount equal to the Social Security benefits
88 includable for federal income tax purposes;

89 (II) For taxable years commencing prior to January 1, 2019, for a
90 person who files a return under the federal income tax as an
91 unmarried individual whose federal adjusted gross income for such
92 taxable year is fifty thousand dollars or more, or as a married
93 individual filing separately whose federal adjusted gross income for
94 such taxable year is fifty thousand dollars or more, or for a husband
95 and wife who file a return under the federal income tax as married
96 individuals filing jointly whose federal adjusted gross income from
97 such taxable year is sixty thousand dollars or more or for a person who
98 files a return under the federal income tax as a head of household
99 whose federal adjusted gross income for such taxable year is sixty
100 thousand dollars or more, an amount equal to the difference between
101 the amount of Social Security benefits includable for federal income tax
102 purposes and the lesser of twenty-five per cent of the Social Security
103 benefits received during the taxable year, or twenty-five per cent of the
104 excess described in Section 86(b)(1) of the Internal Revenue Code;

105 (III) For the taxable year commencing January 1, 2019, and each
106 taxable year thereafter, for a person who files a return under the
107 federal income tax as an unmarried individual whose federal adjusted
108 gross income for such taxable year is less than seventy-five thousand
109 dollars, or as a married individual filing separately whose federal
110 adjusted gross income for such taxable year is less than seventy-five
111 thousand dollars, or for a husband and wife who file a return under
112 the federal income tax as married individuals filing jointly whose
113 federal adjusted gross income for such taxable year is less than one

114 hundred thousand dollars or a person who files a return under the
115 federal income tax as a head of household whose federal adjusted
116 gross income for such taxable year is less than one hundred thousand
117 dollars, an amount equal to the Social Security benefits includable for
118 federal income tax purposes; and

119 (IV) For the taxable year commencing January 1, 2019, and each
120 taxable year thereafter, for a person who files a return under the
121 federal income tax as an unmarried individual whose federal adjusted
122 gross income for such taxable year is seventy-five thousand dollars or
123 more, or as a married individual filing separately whose federal
124 adjusted gross income for such taxable year is seventy-five thousand
125 dollars or more, or for a husband and wife who file a return under the
126 federal income tax as married individuals filing jointly whose federal
127 adjusted gross income from such taxable year is one hundred
128 thousand dollars or more or for a person who files a return under the
129 federal income tax as a head of household whose federal adjusted
130 gross income for such taxable year is one hundred thousand dollars or
131 more, an amount equal to the difference between the amount of Social
132 Security benefits includable for federal income tax purposes and the
133 lesser of twenty-five per cent of the Social Security benefits received
134 during the taxable year, or twenty-five per cent of the excess described
135 in Section 86(b)(1) of the Internal Revenue Code;

136 (xi) To the extent properly includable in gross income for federal
137 income tax purposes, any amount rebated to a taxpayer pursuant to
138 section 12-746;

139 (xii) To the extent properly includable in the gross income for
140 federal income tax purposes of a designated beneficiary, any
141 distribution to such beneficiary from any qualified state tuition
142 program, as defined in Section 529(b) of the Internal Revenue Code,
143 established and maintained by this state or any official, agency or
144 instrumentality of the state;

145 (xiii) To the extent allowable under section 12-701a, contributions to

146 accounts established pursuant to any qualified state tuition program,
147 as defined in Section 529(b) of the Internal Revenue Code, established
148 and maintained by this state or any official, agency or instrumentality
149 of the state;

150 (xiv) To the extent properly includable in gross income for federal
151 income tax purposes, the amount of any Holocaust victims' settlement
152 payment received in the taxable year by a Holocaust victim;

153 (xv) To the extent properly includable in gross income for federal
154 income tax purposes of an account holder, as defined in section 31-
155 51ww, interest earned on funds deposited in the individual
156 development account, as defined in section 31-51ww, of such account
157 holder;

158 (xvi) To the extent properly includable in the gross income for
159 federal income tax purposes of a designated beneficiary, as defined in
160 section 3-123aa, interest, dividends or capital gains earned on
161 contributions to accounts established for the designated beneficiary
162 pursuant to the Connecticut Homecare Option Program for the Elderly
163 established by sections 3-123aa to 3-123ff, inclusive;

164 (xvii) To the extent properly includable in gross income for federal
165 income tax purposes, any income received from the United States
166 government as retirement pay for a retired member of (I) the Armed
167 Forces of the United States, as defined in Section 101 of Title 10 of the
168 United States Code, or (II) the National Guard, as defined in Section
169 101 of Title 10 of the United States Code;

170 (xviii) To the extent properly includable in gross income for federal
171 income tax purposes for the taxable year, any income from the
172 discharge of indebtedness in connection with any reacquisition, after
173 December 31, 2008, and before January 1, 2011, of an applicable debt
174 instrument or instruments, as those terms are defined in Section 108 of
175 the Internal Revenue Code, as amended by Section 1231 of the
176 American Recovery and Reinvestment Act of 2009, to the extent any

177 such income was added to federal adjusted gross income pursuant to
178 subparagraph (A)(xi) of this subdivision in computing Connecticut
179 adjusted gross income for a preceding taxable year;

180 (xix) To the extent not deductible in determining federal adjusted
181 gross income, the amount of any contribution to a manufacturing
182 reinvestment account established pursuant to section 32-9zz in the
183 taxable year that such contribution is made;

184 (xx) To the extent properly includable in gross income for federal
185 income tax purposes, (I) for the taxable year commencing January 1,
186 2015, ten per cent of the income received from the state teachers'
187 retirement system, (II) for the taxable years commencing January 1,
188 2016, [January 1, 2017, and January 1, 2018] to January 1, 2020,
189 inclusive, twenty-five per cent of the income received from the state
190 teachers' retirement system, and (III) for the taxable year commencing
191 January 1, [2019] 2021, and each taxable year thereafter, fifty per cent of
192 the income received from the state teachers' retirement system or the
193 percentage, if applicable, pursuant to clause (xxi) of this subparagraph;

194 (xxi) To the extent properly includable in gross income for federal
195 income tax purposes, except for retirement benefits under clause (iv) of
196 this subparagraph and retirement pay under clause (xvii) of this
197 subparagraph, for a person who files a return under the federal income
198 tax as an unmarried individual whose federal adjusted gross income
199 for such taxable year is less than seventy-five thousand dollars, or as a
200 married individual filing separately whose federal adjusted gross
201 income for such taxable year is less than seventy-five thousand dollars,
202 or as a head of household whose federal adjusted gross income for
203 such taxable year is less than seventy-five thousand dollars, or for a
204 husband and wife who file a return under the federal income tax as
205 married individuals filing jointly whose federal adjusted gross income
206 for such taxable year is less than one hundred thousand dollars, (I) for
207 the taxable year commencing January 1, 2019, fourteen per cent of any
208 pension or annuity income, (II) for the taxable year commencing
209 January 1, 2020, twenty-eight per cent of any pension or annuity

210 income, (III) for the taxable year commencing January 1, 2021, forty-
211 two per cent of any pension or annuity income, (IV) for the taxable
212 year commencing January 1, 2022, fifty-six per cent of any pension or
213 annuity income, (V) for the taxable year commencing January 1, 2023,
214 seventy per cent of any pension or annuity income, (VI) for the taxable
215 year commencing January 1, 2024, eighty-four per cent of any pension
216 or annuity income, and (VII) for the taxable year commencing January
217 1, 2025, and each taxable year thereafter, any pension or annuity
218 income;

219 (xxii) The amount of lost wages and medical, travel and housing
220 expenses, not to exceed ten thousand dollars in the aggregate, incurred
221 by a taxpayer during the taxable year in connection with the donation
222 to another person of an organ for organ transplantation occurring on
223 or after January 1, 2017;

224 (xxiii) To the extent properly includable in gross income for federal
225 income tax purposes, the amount of any financial assistance received
226 from the Crumbling Foundations Assistance Fund or paid to or on
227 behalf of the owner of a residential building pursuant to sections 8-442
228 and 8-443; [, and]

229 (xxiv) To the extent properly includable in gross income for federal
230 income tax purposes, the amount calculated pursuant to subsection (b)
231 of section 12-704g for income received by a general partner of a
232 venture capital fund, as defined in 17 CFR 275.203(l)-1, as amended
233 from time to time; and

234 (xxv) To the extent any portion of a deduction under Section 179 of
235 the Internal Revenue Code was added to federal adjusted gross income
236 pursuant to subparagraph (A)(xiv) of this subdivision in computing
237 Connecticut adjusted gross income, twenty-five per cent of such
238 disallowed portion of the deduction in each of the four succeeding
239 taxable years.

240 Sec. 3. (NEW) (Effective January 1, 2020) (a) For taxable years

241 commencing on or after January 1, 2020, there is imposed a surcharge
242 on a taxpayer, excluding a trust or an estate, whose Connecticut
243 adjusted gross income is equal to or greater than the threshold amount
244 specified in section 12-700 of the general statutes for imposition of the
245 highest marginal rate on such taxpayer. Such surcharge shall be at the
246 rate of two per cent of the net gain from the sale or exchange of capital
247 assets, as determined for federal income tax purposes, that are
248 includable in such taxpayer's Connecticut adjusted gross income and
249 are derived from or connected with sources within this state. The
250 surcharge shall be in addition to any other tax, fee or surcharge for
251 which the taxpayer is liable.

252 (b) Each taxpayer subject to the surcharge shall file a return, in
253 accordance with the provisions of subsection (a) of section 12-719 of
254 the general statutes, with the Commissioner of Revenue Services in
255 such form and containing such information as the commissioner may
256 prescribe. Such return shall accurately set forth the amount of the net
257 gain calculated pursuant to subsection (a) of this section for the taxable
258 year and the amount of the taxpayer's surcharge liability for such year.
259 A person required to file a return under this section shall, without
260 assessment, notice or demand, pay any surcharge due thereon to the
261 commissioner on or before the date specified in subsection (a) of
262 section 12-719 of the general statutes, determined without regard to
263 any extension of time for filing the return.

264 (c) If any person fails to pay the amount of the surcharge reported
265 due on a return under this section within the time specified, there shall
266 be imposed a penalty equal to ten per cent of such amount due and
267 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
268 interest at the rate of one per cent per month or fraction thereof, from
269 the due date of such surcharge until the date of payment. Subject to the
270 provisions of section 12-3a of the general statutes, the commissioner
271 may waive all or part of the penalties provided under this section
272 when it is proven to the commissioner's satisfaction that the failure to
273 pay any surcharge was due to reasonable cause and was not

274 intentional or due to neglect.

275 (d) The provisions of sections 12-550 to 12-554, inclusive, and
276 sections 12-555a, 12-723, 12-728, 12-729 and 12-733 of the general
277 statutes shall apply to the provisions of this section in the same
278 manner and with the same force and effect as if the language of said
279 sections had been incorporated in full into this section and had
280 expressly referred to the surcharge under this section, except to the
281 extent that any provision is inconsistent with a provision in this
282 section.

283 (e) The commissioner may adopt regulations, in accordance with the
284 provisions of chapter 54 of the general statutes, to implement the
285 provisions of this section.

286 (f) At the close of each fiscal year commencing with the fiscal year
287 ending June 30, 2020, the Comptroller is authorized to record as
288 revenue for such fiscal year the amount of the surcharge imposed
289 under this section that is received by the commissioner not later than
290 five business days from the last day of July immediately following the
291 end of such fiscal year.

292 Sec. 4. Section 12-640 of the general statutes is repealed and the
293 following is substituted in lieu thereof (*Effective from passage and*
294 *applicable to gifts made on or after January 1, 2019*):

295 For [the calendar year 1991 and each year thereafter] calendar years
296 commencing January 1, 1991, but prior to January 1, 2019, a tax
297 computed as provided in section 12-642, as amended by this act, is
298 hereby imposed on the transfer of property by gift during such taxable
299 year by any individual resident or nonresident provided, for the
300 calendar year commencing January 1, 1991, such tax shall be imposed
301 only on those gifts [which are] that were transferred on or after
302 September 1, 1991.

303 Sec. 5. Section 12-642 of the general statutes is repealed and the
304 following is substituted in lieu thereof (*Effective from passage*):

305 (a) (1) With respect to calendar years commencing prior to January
 306 1, 2001, the tax imposed by section 12-640, as amended by this act, for
 307 the calendar year shall be at a rate of the taxable gifts made by the
 308 donor during the calendar year set forth in the following schedule:

| T1 | Amount of Taxable Gifts | Rate of Tax |
|-----|-------------------------|--------------------------------|
| T2 | Not over \$25,000 | 1% |
| T3 | Over \$25,000 | \$250, plus 2% of the excess |
| T4 | but not over \$50,000 | over \$25,000 |
| T5 | Over \$50,000 | \$750, plus 3% of the excess |
| T6 | but not over \$75,000 | over \$50,000 |
| T7 | Over \$75,000 | \$1,500, plus 4% of the excess |
| T8 | but not over \$100,000 | over \$75,000 |
| T9 | Over \$100,000 | \$2,500, plus 5% of the excess |
| T10 | but not over \$200,000 | over \$100,000 |
| T11 | Over \$200,000 | \$7,500, plus 6% of the excess |
| T12 | | over \$200,000 |

309 (2) With respect to the calendar years commencing January 1, 2001,
 310 January 1, 2002, January 1, 2003, and January 1, 2004, the tax imposed
 311 by section 12-640, as amended by this act, for each such calendar year
 312 shall be at a rate of the taxable gifts made by the donor during the
 313 calendar year set forth in the following schedule:

| T13 | Amount of Taxable Gifts | Rate of Tax |
|-----|-------------------------|---------------------------------|
| T14 | Over \$25,000 | \$250, plus 2% of the excess |
| T15 | but not over \$50,000 | over \$25,000 |
| T16 | Over \$50,000 | \$750, plus 3% of the excess |
| T17 | but not over \$75,000 | over \$50,000 |
| T18 | Over \$75,000 | \$1,500, plus 4% of the excess |
| T19 | but not over \$100,000 | over \$75,000 |
| T20 | Over \$100,000 | \$2,500, plus 5% of the excess |
| T21 | but not over \$675,000 | over \$100,000 |
| T22 | Over \$675,000 | \$31,250, plus 6% of the excess |

T23 over \$675,000

314 (3) With respect to Connecticut taxable gifts, as defined in section
 315 12-643, as amended by this act, made by a donor during a calendar
 316 year commencing on or after January 1, 2005, but prior to January 1,
 317 2010, including the aggregate amount of all Connecticut taxable gifts
 318 made by the donor during all calendar years commencing on or after
 319 January 1, 2005, but prior to January 1, 2010, the tax imposed by
 320 section 12-640, as amended by this act, for the calendar year shall be at
 321 the rate set forth in the following schedule, with a credit allowed
 322 against such tax for any tax previously paid to this state pursuant to
 323 this subdivision:

| T24 | Amount of Taxable Gifts | Rate of Tax |
|-----|--------------------------|------------------------------------|
| T25 | Not over \$2,000,000 | None |
| T26 | Over \$2,000,000 | |
| T27 | but not over \$2,100,000 | 5.085% of the excess over \$0 |
| T28 | Over \$2,100,000 | \$106,800 plus 8% of the excess |
| T29 | but not over \$2,600,000 | over \$2,100,000 |
| T30 | Over \$2,600,000 | \$146,800 plus 8.8% of the excess |
| T31 | but not over \$3,100,000 | over \$2,600,000 |
| T32 | Over \$3,100,000 | \$190,800 plus 9.6% of the excess |
| T33 | but not over \$3,600,000 | over \$3,100,000 |
| T34 | Over \$3,600,000 | \$238,800 plus 10.4% of the excess |
| T35 | but not over \$4,100,000 | over \$3,600,000 |
| T36 | Over \$4,100,000 | \$290,800 plus 11.2% of the excess |
| T37 | but not over \$5,100,000 | over \$4,100,000 |
| T38 | Over \$5,100,000 | \$402,800 plus 12% of the excess |
| T39 | but not over \$6,100,000 | over \$5,100,000 |
| T40 | Over \$6,100,000 | \$522,800 plus 12.8% of the excess |
| T41 | but not over \$7,100,000 | over \$6,100,000 |
| T42 | Over \$7,100,000 | \$650,800 plus 13.6% of the excess |
| T43 | but not over \$8,100,000 | over \$7,100,000 |
| T44 | Over \$8,100,000 | \$786,800 plus 14.4% of the excess |

| | | |
|-----|---------------------------|------------------------------------|
| T45 | but not over \$9,100,000 | over \$8,100,000 |
| T46 | Over \$9,100,000 | \$930,800 plus 15.2% of the excess |
| T47 | but not over \$10,100,000 | over \$9,100,000 |
| T48 | Over \$10,100,000 | \$1,082,800 plus 16% of the excess |
| T49 | | over \$10,100,000 |

324 (4) With respect to Connecticut taxable gifts, as defined in section
 325 12-643, as amended by this act, made by a donor during a calendar
 326 year commencing on or after January 1, 2010, but prior to January 1,
 327 2011, including the aggregate amount of all Connecticut taxable gifts
 328 made by the donor during all calendar years commencing on or after
 329 January 1, 2005, the tax imposed by section 12-640, as amended by this
 330 act, for the calendar year shall be at the rate set forth in the following
 331 schedule, with a credit allowed against such tax for any tax previously
 332 paid to this state pursuant to this subdivision or pursuant to
 333 subdivision (3) of this subsection, provided such credit shall not
 334 exceed the amount of tax imposed by this section:

| T50 | Amount of Taxable Gifts | Rate of Tax |
|-----|--------------------------|------------------------------------|
| T51 | Not over \$3,500,000 | None |
| T52 | Over \$3,500,000 | 7.2% of the excess |
| T53 | but not over \$3,600,000 | over \$3,500,000 |
| T54 | Over \$3,600,000 | \$7,200 plus 7.8% of the excess |
| T55 | but not over \$4,100,000 | over \$3,600,000 |
| T56 | Over \$4,100,000 | \$46,200 plus 8.4% of the excess |
| T57 | but not over \$5,100,000 | over \$4,100,000 |
| T58 | Over \$5,100,000 | \$130,200 plus 9.0% of the excess |
| T59 | but not over \$6,100,000 | over \$5,100,000 |
| T60 | Over \$6,100,000 | \$220,200 plus 9.6% of the excess |
| T61 | but not over \$7,100,000 | over \$6,100,000 |
| T62 | Over \$7,100,000 | \$316,200 plus 10.2% of the excess |
| T63 | but not over \$8,100,000 | over \$7,100,000 |
| T64 | Over \$8,100,000 | \$418,200 plus 10.8% of the excess |
| T65 | but not over \$9,100,000 | over \$8,100,000 |

| | | |
|-----|---------------------------|------------------------------------|
| T66 | Over \$9,100,000 | \$526,200 plus 11.4% of the excess |
| T67 | but not over \$10,100,000 | over \$9,100,000 |
| T68 | Over \$10,100,000 | \$640,200 plus 12% of the excess |
| T69 | | over \$10,100,000 |

335 (5) With respect to Connecticut taxable gifts, as defined in section
 336 12-643, as amended by this act, made by a donor during a calendar
 337 year commencing on or after January 1, 2011, but prior to January 1,
 338 2018, including the aggregate amount of all Connecticut taxable gifts
 339 made by the donor during all calendar years commencing on or after
 340 January 1, 2005, the tax imposed by section 12-640, as amended by this
 341 act, for the calendar year shall be at the rate set forth in the following
 342 schedule, with a credit allowed against such tax for any tax previously
 343 paid to this state pursuant to this subdivision or pursuant to
 344 subdivision (3) or (4) of this subsection, provided such credit shall not
 345 exceed the amount of tax imposed by this section:

| T70 | Amount of Taxable Gifts | Rate of Tax |
|-----|--------------------------|------------------------------------|
| T71 | Not over \$2,000,000 | None |
| T72 | Over \$2,000,000 | 7.2% of the excess |
| T73 | but not over \$3,600,000 | over \$2,000,000 |
| T74 | Over \$3,600,000 | \$115,200 plus 7.8% of the excess |
| T75 | but not over \$4,100,000 | over \$3,600,000 |
| T76 | Over \$4,100,000 | \$154,200 plus 8.4% of the excess |
| T77 | but not over \$5,100,000 | over \$4,100,000 |
| T78 | Over \$5,100,000 | \$238,200 plus 9.0% of the excess |
| T79 | but not over \$6,100,000 | over \$5,100,000 |
| T80 | Over \$6,100,000 | \$328,200 plus 9.6% of the excess |
| T81 | but not over \$7,100,000 | over \$6,100,000 |
| T82 | Over \$7,100,000 | \$424,200 plus 10.2% of the excess |
| T83 | but not over \$8,100,000 | over \$7,100,000 |
| T84 | Over \$8,100,000 | \$526,200 plus 10.8% of the excess |
| T85 | but not over \$9,100,000 | over \$8,100,000 |
| T86 | Over \$9,100,000 | \$634,200 plus 11.4% of the excess |

| | | |
|-----|---------------------------|----------------------------------|
| T87 | but not over \$10,100,000 | over \$9,100,000 |
| T88 | Over \$10,100,000 | \$748,200 plus 12% of the excess |
| T89 | | over \$10,100,000 |

346 (6) With respect to Connecticut taxable gifts, as defined in section
 347 12-643, as amended by this act, made by a donor during a calendar
 348 year commencing on or after January 1, 2018, but prior to January 1,
 349 2019, including the aggregate amount of all Connecticut taxable gifts
 350 made by the donor during all calendar years commencing on or after
 351 January 1, 2005, the tax imposed by section 12-640, as amended by this
 352 act, for the calendar year shall be at the rate set forth in the following
 353 schedule, with a credit allowed against such tax for any tax previously
 354 paid to this state pursuant to this subdivision or pursuant to
 355 subdivision (3), (4) or (5) of this subsection, provided such credit shall
 356 not exceed the amount of tax imposed by this section:

| T90 | Amount of Taxable Gifts | Rate of Tax |
|------|---------------------------|------------------------------------|
| T91 | Not over \$2,600,000 | None |
| T92 | Over \$2,600,000 | 7.2% of the excess |
| T93 | but not over \$3,600,000 | over \$2,600,000 |
| T94 | Over \$3,600,000 | \$72,000 plus 7.8% of the excess |
| T95 | but not over \$4,100,000 | over \$3,600,000 |
| T96 | Over \$4,100,000 | \$111,000 plus 8.4% of the excess |
| T97 | but not over \$5,100,000 | over \$4,100,000 |
| T98 | Over \$5,100,000 | \$195,000 plus 10% of the excess |
| T99 | but not over \$6,100,000 | over \$5,100,000 |
| T100 | Over \$6,100,000 | \$295,000 plus 10.4% of the excess |
| T101 | but not over \$7,100,000 | over \$6,100,000 |
| T102 | Over \$7,100,000 | \$399,000 plus 10.8% of the excess |
| T103 | but not over \$8,100,000 | over \$7,100,000 |
| T104 | Over \$8,100,000 | \$507,000 plus 11.2% of the excess |
| T105 | but not over \$9,100,000 | over \$8,100,000 |
| T106 | Over \$9,100,000 | \$619,000 plus 11.6% of the excess |
| T107 | but not over \$10,100,000 | over \$9,100,000 |

T108 Over \$10,100,000 \$735,000 plus 12% of the excess
 T109 over \$10,100,000

357 [(7) With respect to Connecticut taxable gifts, as defined in section
 358 12-643, made by a donor during a calendar year commencing on or
 359 after January 1, 2019, but prior to January 1, 2020, including the
 360 aggregate amount of all Connecticut taxable gifts made by the donor
 361 during all calendar years commencing on or after January 1, 2005, the
 362 tax imposed by section 12-640 for the calendar year shall be at the rate
 363 set forth in the following schedule, with a credit allowed against such
 364 tax for any tax previously paid to this state pursuant to this
 365 subdivision or pursuant to subdivision (3), (4), (5) or (6) of this
 366 subsection, provided such credit shall not exceed the amount of tax
 367 imposed by this section:

| T110 | Amount of Taxable Gifts | Rate of Tax |
|------|---------------------------|------------------------------------|
| T111 | Not over \$3,600,000 | None |
| T112 | Over \$3,600,000 | 7.8% of the excess |
| T113 | but not over \$4,100,000 | over \$3,600,000 |
| T114 | Over \$4,100,000 | \$39,000 plus 8.4% of the excess |
| T115 | but not over \$5,100,000 | over \$4,100,000 |
| T116 | Over \$5,100,000 | \$123,000 plus 10% of the excess |
| T117 | but not over \$6,100,000 | over \$5,100,000 |
| T118 | Over \$6,100,000 | \$223,000 plus 10.4% of the excess |
| T119 | but not over \$7,100,000 | over \$6,100,000 |
| T120 | Over \$7,100,000 | \$327,000 plus 10.8% of the excess |
| T121 | but not over \$8,100,000 | over \$7,100,000 |
| T122 | Over \$8,100,000 | \$435,000 plus 11.2% of the excess |
| T123 | but not over \$9,100,000 | over \$8,100,000 |
| T124 | Over \$9,100,000 | \$547,000 plus 11.6% of the excess |
| T125 | but not over \$10,100,000 | over \$9,100,000 |
| T126 | Over \$10,100,000 | \$663,000 plus 12% of the excess |
| T127 | | over \$10,100,000 |

368 (8) With respect to Connecticut taxable gifts, as defined in section
 369 12-643, made by a donor during a calendar year commencing on or
 370 after January 1, 2020, but prior to January 1, 2021, including the
 371 aggregate amount of all Connecticut taxable gifts made by the donor
 372 during all calendar years commencing on or after January 1, 2005, the
 373 tax imposed by section 12-640 for the calendar year shall be at the rate
 374 set forth in the following schedule, with a credit allowed against such
 375 tax for any tax previously paid to this state pursuant to this
 376 subdivision or pursuant to subdivision (3), (4), (5), (6) or (7) of this
 377 subsection, provided such credit shall not exceed the amount of tax
 378 imposed by this section:

| T128 | Amount of Taxable Gifts | Rate of Tax |
|------|---------------------------|------------------------------------|
| T129 | Not over \$5,100,000 | None |
| T130 | Over \$5,100,000 | 10% of the excess |
| T131 | but not over \$6,100,000 | over \$5,100,000 |
| T132 | Over \$6,100,000 | \$100,000 plus 10.4% of the excess |
| T133 | but not over \$7,100,000 | over \$6,100,000 |
| T134 | Over \$7,100,000 | \$204,000 plus 10.8% of the excess |
| T135 | but not over \$8,100,000 | over \$7,100,000 |
| T136 | Over \$8,100,000 | \$312,000 plus 11.2% of the excess |
| T137 | but not over \$9,100,000 | over \$8,100,000 |
| T138 | Over \$9,100,000 | \$424,000 plus 11.6% of the excess |
| T139 | but not over \$10,100,000 | over \$9,100,000 |
| T140 | Over \$10,100,000 | \$540,000 plus 12% of the excess |
| T141 | | over \$10,100,000 |

379 (9) With respect to Connecticut taxable gifts, as defined in section
 380 12-643, made by a donor during a calendar year commencing on or
 381 after January 1, 2021, but prior to January 1, 2022, including the
 382 aggregate amount of all Connecticut taxable gifts made by the donor
 383 during all calendar years commencing on or after January 1, 2005, the
 384 tax imposed by section 12-640 for the calendar year shall be at the rate
 385 set forth in the following schedule, with a credit allowed against such
 386 tax for any tax previously paid to this state pursuant to this

387 subdivision or pursuant to subdivision (3), (4), (5), (6), (7) or (8) of this
 388 subsection, provided such credit shall not exceed the amount of tax
 389 imposed by this section:

| T142 | Amount of Taxable Gifts | Rate of Tax |
|------|---------------------------|------------------------------------|
| T143 | Not over \$7,100,000 | None |
| T144 | Over \$7,100,000 | 10.8% of the excess |
| T145 | but not over \$8,100,000 | over \$7,100,000 |
| T146 | Over \$8,100,000 | \$108,000 plus 11.2% of the excess |
| T147 | but not over \$9,100,000 | over \$8,100,000 |
| T148 | Over \$9,100,000 | \$220,000 plus 11.6% of the excess |
| T149 | but not over \$10,100,000 | over \$9,100,000 |
| T150 | Over \$10,100,000 | \$336,000 plus 12% of the excess |
| T151 | | over \$10,100,000 |

390 (10) With respect to Connecticut taxable gifts, as defined in section
 391 12-643, made by a donor during a calendar year commencing on or
 392 after January 1, 2022, but prior to January 1, 2023, including the
 393 aggregate amount of all Connecticut taxable gifts made by the donor
 394 during all calendar years commencing on or after January 1, 2005, the
 395 tax imposed by section 12-640 for the calendar year shall be at the rate
 396 set forth in the following schedule, with a credit allowed against such
 397 tax for any tax previously paid to this state pursuant to this
 398 subdivision or pursuant to subdivision (3), (4), (5), (6), (7), (8) or (9) of
 399 this subsection, provided such credit shall not exceed the amount of
 400 tax imposed by this section:

| T152 | Amount of Taxable Gifts | Rate of Tax |
|------|---------------------------|----------------------------------|
| T153 | Not over \$9,100,000 | None |
| T154 | Over \$9,100,000 | 11.6% of the excess |
| T155 | but not over \$10,100,000 | over \$9,100,000 |
| T156 | Over \$10,100,000 | \$116,000 plus 12% of the excess |
| T157 | | over \$10,100,000 |

401 (11) With respect to Connecticut taxable gifts, as defined in section

402 12-643, made by a donor during a calendar year commencing on or
 403 after January 1, 2023, including the aggregate amount of all
 404 Connecticut taxable gifts made by the donor during all calendar years
 405 commencing on or after January 1, 2005, the tax imposed by section 12-
 406 640 for the calendar year shall be at the rate set forth in the following
 407 schedule, with a credit allowed against such tax for any tax previously
 408 paid to this state pursuant to this subdivision or pursuant to
 409 subdivision (3), (4), (5), (6), (7), (8), (9) or (10) of this subsection,
 410 provided such credit shall not exceed the amount of tax imposed by
 411 this section:

| T158 | Amount of Taxable Gifts | Rate of Tax |
|------|--------------------------------|---------------------------------|
| T159 | Not over the | None |
| T160 | federal basic exclusion amount | |
| T161 | Over the | 12% of the excess over the |
| T162 | federal basic exclusion amount | federal basic exclusion amount] |

412 (b) The tax imposed by section 12-640, as amended by this act, shall
 413 be paid by the donor. If the gift tax is not paid when due the donee of
 414 any gift shall be personally liable for the tax to the extent of the value
 415 of the gift.

416 (c) [(1)] With respect to Connecticut taxable gifts, as defined in
 417 section 12-643, as amended by this act, made by a donor during a
 418 calendar year commencing on or after January 1, 2016, but prior to
 419 January 1, 2019, the aggregate amount of tax imposed by section 12-
 420 640, as amended by this act, for all calendar years commencing on or
 421 after January 1, 2016, shall not exceed twenty million dollars.

422 [(2) With respect to Connecticut taxable gifts, as defined in section
 423 12-643, made by a donor during a calendar year commencing on or
 424 after January 1, 2019, the aggregate amount of tax imposed by section
 425 12-640 for all calendar years commencing on or after January 1, 2016,
 426 shall not exceed fifteen million dollars.]

427 Sec. 6. Subdivision (3) of section 12-643 of the general statutes is

428 repealed and the following is substituted in lieu thereof (*Effective from*
429 *passage and applicable to estates of decedents dying on or after January 1,*
430 *2019*):

431 (3) "Connecticut taxable gifts" means taxable gifts made during a
432 calendar year commencing on or after January 1, 2005, but prior to
433 January 1, 2019, that are, (A) for residents of this state, taxable gifts,
434 wherever located, but excepting gifts of real estate or tangible personal
435 property located outside this state, and (B) for nonresidents of this
436 state, gifts of real estate or tangible personal property located within
437 this state.

438 Sec. 7. Subsections (c) to (e), inclusive, of section 12-391 of the
439 general statutes are repealed and the following is substituted in lieu
440 thereof (*Effective from passage and applicable to estates of decedents dying on*
441 *or after January 1, 2019*):

442 (c) For purposes of this section and section 12-392, as amended by
443 this act:

444 (1) (A) "Connecticut taxable estate" means, with respect to the
445 estates of decedents dying on or after January 1, 2005, but prior to
446 January 1, 2010, (i) the gross estate less allowable deductions, as
447 determined under Chapter 11 of the Internal Revenue Code, plus (ii)
448 the aggregate amount of all Connecticut taxable gifts, as defined in
449 section 12-643, as amended by this act, made by the decedent for all
450 calendar years beginning on or after January 1, 2005, but prior to
451 January 1, 2010. The deduction for state death taxes paid under Section
452 2058 of said code shall be disregarded.

453 (B) "Connecticut taxable estate" means, with respect to the estates of
454 decedents dying on or after January 1, 2010, but prior to January 1,
455 2015, (i) the gross estate less allowable deductions, as determined
456 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate
457 amount of all Connecticut taxable gifts, as defined in section 12-643, as
458 amended by this act, made by the decedent for all calendar years

459 beginning on or after January 1, 2005, but prior to January 1, 2015. The
460 deduction for state death taxes paid under Section 2058 of said code
461 shall be disregarded.

462 (C) "Connecticut taxable estate" means, with respect to the estates of
463 decedents dying on or after January 1, 2015, but prior to January 1,
464 2019, (i) the gross estate less allowable deductions, as determined
465 under Chapter 11 of the Internal Revenue Code, plus (ii) the aggregate
466 amount of all Connecticut taxable gifts, as defined in section 12-643, as
467 amended by this act, made by the decedent for all calendar years
468 beginning on or after January 1, 2005, but prior to January 1, 2019,
469 other than Connecticut taxable gifts that are includable in the gross
470 estate for federal estate tax purposes of the decedent, plus (iii) the
471 amount of any tax paid to this state pursuant to section 12-642, as
472 amended by this act, by the decedent or the decedent's estate on any
473 gift made by the decedent or the decedent's spouse during the three-
474 year period preceding the date of the decedent's death. The deduction
475 for state death taxes paid under Section 2058 of the Internal Revenue
476 Code shall be disregarded.

477 (D) "Connecticut taxable estate" means, with respect to the estates of
478 decedents dying on or after January 1, 2019, (i) the gross estate less
479 allowable deductions, as determined under Chapter 11 of the Internal
480 Revenue Code, plus (ii) the aggregate amount of all taxable gifts, as
481 defined in section 12-643, as amended by this act, made by the
482 decedent for all calendar years beginning on or after January 1, 2005,
483 but prior to January 1, 2019, other than Connecticut taxable gifts that
484 are includable in the gross estate for federal tax purposes of the
485 decedent, plus (iii) the amount of any tax paid to this state pursuant to
486 section 12-642, as amended by this act, by the decedent or the
487 decedent's estate on any gift made by the decedent or the decedent's
488 spouse during the three-year period preceding the date of the
489 decedent's death, plus (iv) the amount of any taxable gift, as defined in
490 Section 2503 of the Internal Revenue Code, excluding any taxable gift
491 made when the decedent was a nonresident or that is real property or

492 tangible personal property having an actual situs outside this state at
493 the time the gift was made, that is (I) made on or after January 1, 2019,
494 (II) not otherwise included in the decedent's gross estate, and (III)
495 made during the three-year period preceding the date of the decedent's
496 death. The deduction for state death taxes paid under Section 2058 of
497 the Internal Revenue Code shall be disregarded.

498 (2) "Internal Revenue Code" means the Internal Revenue Code of
499 1986, or any subsequent corresponding internal revenue code of the
500 United States, as amended from time to time, except in the event of
501 repeal of the federal estate tax, then all references to the Internal
502 Revenue Code in this section shall mean the Internal Revenue Code as
503 in force on the day prior to the effective date of such repeal.

504 (3) "Gross estate" means the gross estate, for federal estate tax
505 purposes.

506 (4) "Federal basic exclusion amount" means the dollar amount
507 published annually by the Internal Revenue Service at which a
508 decedent would be required to file a federal estate tax return based on
509 the value of the decedent's gross estate and federally taxable gifts.

510 (d) (1) (A) With respect to the estates of decedents who die on or
511 after January 1, 2005, but prior to January 1, 2010, a tax is imposed
512 upon the transfer of the estate of each person who at the time of death
513 was a resident of this state. The amount of the tax shall be determined
514 using the schedule in subsection (g) of this section. A credit shall be
515 allowed against such tax for any taxes paid to this state pursuant to
516 section 12-642, as amended by this act, for Connecticut taxable gifts
517 made on or after January 1, 2005, but prior to January 1, 2010.

518 (B) With respect to the estates of decedents who die on or after
519 January 1, 2010, but prior to January 1, 2015, a tax is imposed upon the
520 transfer of the estate of each person who at the time of death was a
521 resident of this state. The amount of the tax shall be determined using
522 the schedule in subsection (g) of this section. A credit shall be allowed

523 against such tax for any taxes paid to this state pursuant to section 12-
524 642, as amended by this act, for Connecticut taxable gifts made on or
525 after January 1, 2005, but prior to January 1, 2015, provided such credit
526 shall not exceed the amount of tax imposed by this section.

527 (C) With respect to the estates of decedents who die on or after
528 January 1, 2015, but prior to January 1, 2016, a tax is imposed upon the
529 transfer of the estate of each person who at the time of death was a
530 resident of this state. The amount of the tax shall be determined using
531 the schedule in subsection (g) of this section. A credit shall be allowed
532 against such tax for (i) any taxes paid to this state pursuant to section
533 12-642, as amended by this act, by the decedent or the decedent's estate
534 for Connecticut taxable gifts made on or after January 1, 2005, but prior
535 to January 1, 2016, and (ii) any taxes paid by the decedent's spouse to
536 this state pursuant to section 12-642, as amended by this act, for
537 Connecticut taxable gifts made by the decedent on or after January 1,
538 2005, but prior to January 1, 2016, that are includable in the gross estate
539 of the decedent, provided such credit shall not exceed the amount of
540 tax imposed by this section.

541 (D) With respect to the estates of decedents who die on or after
542 January 1, 2016, but prior to January 1, 2019, a tax is imposed upon the
543 transfer of the estate of each person who at the time of death was a
544 resident of this state. The amount of the tax shall be determined using
545 the schedule in subsection (g) of this section. A credit shall be allowed
546 against such tax for (i) any taxes paid to this state pursuant to section
547 12-642, as amended by this act, by the decedent or the decedent's estate
548 for Connecticut taxable gifts made on or after January 1, 2005, but prior
549 to January 1, 2019, and (ii) any taxes paid by the decedent's spouse to
550 this state pursuant to section 12-642, as amended by this act, for
551 Connecticut taxable gifts made by the decedent on or after January 1,
552 2005, but prior to January 1, 2019, that are includable in the gross estate
553 of the decedent, provided such credit shall not exceed the amount of
554 tax imposed by this section. In no event shall the amount of tax
555 payable under this section exceed twenty million dollars. Such twenty-

556 million-dollar limit shall be reduced by the amount of (I) any taxes
557 paid to this state pursuant to section 12-642, as amended by this act, by
558 the decedent or the decedent's estate for Connecticut taxable gifts
559 made on or after January 1, 2016, but prior to January 1, 2019, and (II)
560 any taxes paid by the decedent's spouse to this state pursuant to
561 section 12-642, as amended by this act, for Connecticut taxable gifts
562 made by the decedent on or after January 1, 2016, but prior to January
563 1, 2019, that are includable in the gross estate of the decedent, but in no
564 event shall the amount be reduced below zero.

565 (E) With respect to the estates of decedents who die on or after
566 January 1, 2019, a tax is imposed upon the transfer of the estate of each
567 person who at the time of death was a resident of this state. The
568 amount of the tax shall be determined using the schedule in subsection
569 (g) of this section. A credit shall be allowed against such tax for (i) any
570 taxes paid to this state pursuant to section 12-642, as amended by this
571 act, by the decedent or the decedent's estate for Connecticut taxable
572 gifts made on or after January 1, 2005, and (ii) any taxes paid by the
573 decedent's spouse to this state pursuant to section 12-642, as amended
574 by this act, for Connecticut taxable gifts made by the decedent on or
575 after January 1, 2005, that are includable in the gross estate of the
576 decedent, provided such credit shall not exceed the amount of tax
577 imposed by this section. In no event shall the amount of tax payable
578 under this section exceed fifteen million dollars. Such fifteen-million-
579 dollar limit shall be reduced by the amount of (I) any taxes paid to this
580 state pursuant to section 12-642, as amended by this act, by the
581 decedent or the decedent's estate for Connecticut taxable gifts made on
582 or after January 1, 2016, and (II) any taxes paid by the decedent's
583 spouse to this state pursuant to section 12-642, as amended by this act,
584 for Connecticut taxable gifts made by the decedent on or after January
585 1, 2016, that are includable in the gross estate of the decedent, but in no
586 event shall the amount be reduced below zero.

587 (2) If real or tangible personal property of such decedent is located
588 outside this state, the amount of tax due under this section shall be

589 reduced by an amount computed by multiplying the tax otherwise due
590 pursuant to subdivision (1) of this subsection, without regard to the
591 credit allowed for any taxes paid to this state pursuant to section 12-
592 642, as amended by this act, by a fraction, (A) the numerator of which
593 is the value of that part of the decedent's gross estate attributable to
594 real or tangible personal property located outside of the state, and (B)
595 the denominator of which is the value of the decedent's gross estate.

596 (3) For a resident estate, the state shall have the power to levy the
597 estate tax upon real property situated in this state, tangible personal
598 property having an actual situs in this state and intangible personal
599 property included in the gross estate of the decedent, regardless of
600 where it is located. The state is permitted to calculate the estate tax and
601 levy said tax to the fullest extent permitted by the Constitution of the
602 United States.

603 (e) (1) (A) With respect to the estates of decedents who die on or
604 after January 1, 2005, but prior to January 1, 2010, a tax is imposed
605 upon the transfer of the estate of each person who at the time of death
606 was a nonresident of this state. The amount of such tax shall be
607 computed by multiplying (i) the amount of tax determined using the
608 schedule in subsection (g) of this section by (ii) a fraction, the
609 numerator of which is the value of that part of the decedent's gross
610 estate over which this state has jurisdiction for estate tax purposes, and
611 the denominator of which is the value of the decedent's gross estate. A
612 credit shall be allowed against such tax for any taxes paid to this state
613 pursuant to section 12-642, as amended by this act, for Connecticut
614 taxable gifts made on or after January 1, 2005, but prior to January 1,
615 2010.

616 (B) With respect to the estates of decedents who die on or after
617 January 1, 2010, but prior to January 1, 2016, a tax is imposed upon the
618 transfer of the estate of each person who at the time of death was a
619 nonresident of this state. The amount of such tax shall be computed by
620 multiplying (i) the amount of tax determined using the schedule in
621 subsection (g) of this section by (ii) a fraction, the numerator of which

622 is the value of that part of the decedent's gross estate over which this
623 state has jurisdiction for estate tax purposes, and the denominator of
624 which is the value of the decedent's gross estate. A credit shall be
625 allowed against such tax for any taxes paid to this state pursuant to
626 section 12-642, as amended by this act, for Connecticut taxable gifts
627 made on or after January 1, 2005, but prior to January 1, 2016, provided
628 such credit shall not exceed the amount of tax imposed by this section.

629 (C) With respect to the estates of decedents who die on or after
630 January 1, 2016, but prior to January 1, 2019, a tax is imposed upon the
631 transfer of the estate of each person who at the time of death was a
632 nonresident of this state. The amount of such tax shall be computed by
633 multiplying (i) the amount of tax determined using the schedule in
634 subsection (g) of this section by (ii) a fraction, the numerator of which
635 is the value of that part of the decedent's gross estate over which this
636 state has jurisdiction for estate tax purposes, and the denominator of
637 which is the value of the decedent's gross estate. A credit shall be
638 allowed against such tax for any taxes paid to this state pursuant to
639 section 12-642, as amended by this act, for Connecticut taxable gifts
640 made on or after January 1, 2005, but prior to January 1, 2019, provided
641 such credit shall not exceed the amount of tax imposed by this section.
642 In no event shall the amount of tax payable under this section exceed
643 twenty million dollars. Such twenty-million-dollar limit shall be
644 reduced by the amount of (I) any taxes paid to this state pursuant to
645 section 12-642, as amended by this act, by the decedent or the
646 decedent's estate for Connecticut taxable gifts made on or after January
647 1, 2016, but prior to January 1, 2019, and (II) any taxes paid by the
648 decedent's spouse to this state pursuant to section 12-642, as amended
649 by this act, for Connecticut taxable gifts made by the decedent on or
650 after January 1, 2016, but prior to January 1, 2019, that are includable in
651 the gross estate of the decedent, but in no event shall the amount be
652 reduced below zero.

653 (D) With respect to the estates of decedents who die on or after
654 January 1, 2019, a tax is imposed upon the transfer of the estate of each

655 person who at the time of death was a nonresident of this state. The
656 amount of such tax shall be computed by multiplying the amount of
657 tax determined using the schedule in subsection (g) of this section by a
658 fraction, the numerator of which is the value of that part of the
659 decedent's gross estate over which this state has jurisdiction for estate
660 tax purposes, and the denominator of which is the value of the
661 decedent's gross estate. A credit shall be allowed against such tax for
662 (i) any taxes paid to this state pursuant to section 12-642, as amended
663 by this act, by the decedent or the decedent's estate for Connecticut
664 taxable gifts made on or after January 1, 2005, and (ii) any taxes paid
665 by the decedent's spouse to this state pursuant to section 12-642, as
666 amended by this act, for Connecticut taxable gifts made by the
667 decedent on or after January 1, 2005, that are includable in the gross
668 estate of the decedent, provided such credit shall not exceed the
669 amount of tax imposed by this section. In no event shall the amount of
670 tax payable under this section exceed fifteen million dollars. Such
671 fifteen-million-dollar limit shall be reduced by the amount of (I) any
672 taxes paid to this state pursuant to section 12-642, as amended by this
673 act, by the decedent or the decedent's estate for Connecticut taxable
674 gifts made on or after January 1, 2016, and (II) any taxes paid by the
675 decedent's spouse to this state pursuant to section 12-642, as amended
676 by this act, for Connecticut taxable gifts made by the decedent on or
677 after January 1, 2016, that are includable in the gross estate of the
678 decedent, but in no event shall the amount be reduced below zero.

679 (2) For a nonresident estate, the state shall have the power to levy
680 the estate tax upon all real property situated in this state and tangible
681 personal property having an actual situs in this state. The state is
682 permitted to calculate the estate tax and levy said tax to the fullest
683 extent permitted by the Constitution of the United States.

684 Sec. 8. Subparagraph (L) of subdivision (1) of section 12-408 of the
685 general statutes is repealed and the following is substituted in lieu
686 thereof (*Effective July 1, 2019, and applicable to sales occurring on or after*
687 *July 1, 2019*):

688 (L) (i) For calendar months commencing on or after July 1, 2017, the
689 commissioner shall deposit into the Special Transportation Fund
690 established under section 13b-68 seven and nine-tenths per cent of the
691 amounts received by the state from the tax imposed under
692 subparagraph (A) of this subdivision;

693 (ii) For calendar months commencing on or after July 1, 2018, but
694 prior to July 1, 2019, the commissioner shall deposit into the Special
695 Transportation Fund established under section 13b-68 eight per cent of
696 the amounts received by the state from the tax imposed under
697 subparagraphs (A) and (H) of this subdivision on the sale of a motor
698 vehicle;

699 (iii) For calendar months commencing on or after July 1, 2019, but
700 prior to July 1, 2020, the commissioner shall deposit into the Special
701 Transportation Fund established under section 13b-68 [thirty-three]
702 fifteen per cent of the amounts received by the state from the tax
703 imposed under subparagraphs (A) and (H) of this subdivision on the
704 sale of a motor vehicle; and

705 (iv) For calendar months commencing on or after July 1, 2020, [but
706 prior to July 1, 2021,] the commissioner shall deposit into the Special
707 Transportation Fund established under section 13b-68 [fifty-six]
708 eighteen per cent of the amounts received by the state from the tax
709 imposed under subparagraphs (A) and (H) of this subdivision on the
710 sale of a motor vehicle. ;]

711 [(v) For calendar months commencing on or after July 1, 2021, but
712 prior to July 1, 2022, the commissioner shall deposit into the Special
713 Transportation Fund established under section 13b-68 seventy-five per
714 cent of the amounts received by the state from the tax imposed under
715 subparagraphs (A) and (H) of this subdivision on the sale of a motor
716 vehicle; and

717 (vi) For calendar months commencing on or after July 1, 2022, the
718 commissioner shall deposit into the Special Transportation Fund

719 established under section 13b-68 one hundred per cent of the amounts
720 received by the state from the tax imposed under subparagraphs (A)
721 and (H) of this subdivision on the sale of a motor vehicle.]

722 Sec. 9. Subparagraph (K) of subdivision (1) of section 12-411 of the
723 general statutes is repealed and the following is substituted in lieu
724 thereof (*Effective July 1, 2019, and applicable to sales occurring on or after*
725 *July 1, 2019*):

726 (K) (i) For calendar months commencing on or after July 1, 2017, the
727 commissioner shall deposit into said Special Transportation Fund
728 seven and nine-tenths per cent of the amounts received by the state
729 from the tax imposed under subparagraph (A) of this subdivision;

730 (ii) For calendar months commencing on or after July 1, 2018, but
731 prior to July 1, 2019, the commissioner shall deposit into the Special
732 Transportation Fund established under section 13b-68 eight per cent of
733 the amounts received by the state from the tax imposed under
734 subparagraphs (A) and (H) of this subdivision on the acceptance or
735 receipt in this state of a motor vehicle;

736 (iii) For calendar months commencing on or after July 1, 2019, but
737 prior to July 1, 2020, the commissioner shall deposit into the Special
738 Transportation Fund established under section 13b-68 [thirty-three]
739 fifteen per cent of the amounts received by the state from the tax
740 imposed under subparagraphs (A) and (H) of this subdivision on the
741 acceptance or receipt in this state of a motor vehicle; and

742 (iv) For calendar months commencing on or after July 1, 2020, [but
743 prior to July 1, 2021,] the commissioner shall deposit into the Special
744 Transportation Fund established under section 13b-68 [fifty-six]
745 eighteen per cent of the amounts received by the state from the tax
746 imposed under subparagraphs (A) and (H) of this subdivision on the
747 acceptance or receipt in this state of a motor vehicle. [;]

748 [(v) For calendar months commencing on or after July 1, 2021, but
749 prior to July 1, 2022, the commissioner shall deposit into the Special

750 Transportation Fund established under section 13b-68 seventy-five per
751 cent of the amounts received by the state from the tax imposed under
752 subparagraphs (A) and (H) of this subdivision on the acceptance or
753 receipt in this state of a motor vehicle; and

754 (vi) For calendar months commencing on or after July 1, 2022, the
755 commissioner shall deposit into the Special Transportation Fund
756 established under section 13b-68 one hundred per cent of the amounts
757 received by the state from the tax imposed under subparagraphs (A)
758 and (H) of this subdivision on the acceptance or receipt in this state of
759 a motor vehicle.]

760 Sec. 10. Subdivision (13) of subsection (a) of section 12-407 of the
761 general statutes is repealed and the following is substituted in lieu
762 thereof (*Effective October 1, 2019, and applicable to sales occurring on or*
763 *after October 1, 2019*):

764 (13) "Tangible personal property" means personal property [which]
765 that may be seen, weighed, measured, felt or touched or [which] that is
766 in any other manner perceptible to the senses. [including] "Tangible
767 personal property" includes (A) digital goods, (B) canned or prewritten
768 computer software, [. Tangible personal property includes] including
769 canned or prewritten software that is electronically accessed or
770 transferred, other than when purchased by a business for use by such
771 business, and any additional content related to such software, and (C)
772 the distribution, generation or transmission of electricity.

773 Sec. 11. Subsection (a) of section 12-407 of the general statutes is
774 amended by adding subdivision (43) as follows (*Effective October 1,*
775 *2019, and applicable to sales occurring on or after October 1, 2019*):

776 (NEW) (43) "Digital goods" means audio works, visual works,
777 audio-visual works, reading materials or ring tones, that are
778 electronically accessed or transferred.

779 Sec. 12. Subdivision (5) of section 12-410 of the general statutes is
780 repealed and the following is substituted in lieu thereof (*Effective*

781 *October 1, 2019, and applicable to sales occurring on or after October 1,*
782 *2019):*

783 (5) (A) For the purpose of the proper administration of this chapter
784 and to prevent evasion of the sales tax, a sale of any service described
785 in subdivision (37) of subsection (a) of section 12-407, as amended by
786 this act, shall be considered a sale for resale only if the service to be
787 resold is an integral, inseparable component part of a service described
788 in said subdivision that is to be subsequently sold by the purchaser to
789 an ultimate consumer. The purchaser of the service for resale shall
790 maintain, in such form as the commissioner requires, records that
791 substantiate: (i) From whom the service was purchased and to whom
792 the service was sold, (ii) the purchase price of the service, and (iii) the
793 nature of the service to demonstrate that the services were an integral,
794 inseparable component part of a service described in subdivision (37)
795 of subsection (a) of section 12-407, as amended by this act, that was
796 subsequently sold to a consumer.

797 (B) Notwithstanding the provisions of subparagraph (A) of this
798 subdivision, no sale of a service described in subdivision (37) of
799 subsection (a) of section 12-407, as amended by this act, by a seller
800 shall be considered a sale for resale if such service is to be
801 subsequently sold by the purchaser to an ultimate consumer that is
802 affiliated with the purchaser in the manner described in subparagraph
803 (A) of subdivision (62) of section 12-412.

804 (C) For purposes of subparagraph (A) of this subdivision, the sale of
805 canned or prewritten computer software shall be considered a sale for
806 resale if such software is subsequently sold, licensed or leased
807 unaltered by the purchaser to an ultimate consumer. The purchaser of
808 the software for resale shall maintain, in such form as the
809 commissioner requires, records that substantiate: (i) From whom the
810 software was purchased and to whom the software was sold, licensed
811 or leased, (ii) the purchase price of the software, and (iii) the nature of
812 the transaction with the ultimate consumer to demonstrate that the
813 same software was provided unaltered to the ultimate consumer.

814 (D) For purposes of subparagraph (A) of this subdivision, the sale of
815 digital goods or services described in subdivision (37) of subsection (a)
816 of section 12-407, as amended by this act, shall be considered a sale for
817 resale if such digital goods or services are subsequently resold as an
818 integral, inseparable component part of a digital good or a service
819 described in subdivision (37) of subsection (a) of section 12-407, as
820 amended by this act, by the purchaser to an ultimate consumer. The
821 purchaser of the digital goods or services described in subdivision (37)
822 of subsection (a) of section 12-407, as amended by this act, for resale
823 shall maintain, in such form as the commissioner requires, records that
824 substantiate: (i) From whom such digital goods or services were
825 purchased and to whom such digital goods or services were resold, (ii)
826 the purchase price of such digital goods or services, and (iii) the nature
827 of the transaction with the ultimate consumer.

828 Sec. 13. Subdivision (37) of subsection (a) of section 12-407 of the
829 general statutes is repealed and the following is substituted in lieu
830 thereof (*Effective October 1, 2019, and applicable to sales occurring on or*
831 *after October 1, 2019*):

832 (37) "Services" for purposes of subdivision (2) of this subsection,
833 means:

834 (A) Computer and data processing services, including, but not
835 limited to, time, programming, code writing, modification of existing
836 programs, feasibility studies and installation and implementation of
837 software programs and systems even where such services are rendered
838 in connection with the development, creation or production of canned
839 or custom software or the license of custom software, but excluding
840 digital goods;

841 (B) Credit information and reporting services;

842 (C) Services by employment agencies and agencies providing
843 personnel services;

844 (D) Private investigation, protection, patrol work, watchman and

845 armored car services, exclusive of (i) services of off-duty police officers
846 and off-duty firefighters, and (ii) coin and currency services provided
847 to a financial services company by or through another financial
848 services company. For purposes of this subparagraph, "financial
849 services company" has the same meaning as provided under
850 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
851 of section 12-218b;

852 (E) Painting and lettering services;

853 (F) Photographic studio services;

854 (G) Telephone answering services;

855 (H) Stenographic services;

856 (I) Services to industrial, commercial or income-producing real
857 property, including, but not limited to, such services as management,
858 electrical, plumbing, painting and carpentry, provided
859 income-producing property shall not include property used
860 exclusively for residential purposes in which the owner resides and
861 which contains no more than three dwelling units, or a housing facility
862 for low and moderate income families and persons owned or operated
863 by a nonprofit housing organization, as defined in subdivision (29) of
864 section 12-412;

865 (J) Business analysis, management, management consulting and
866 public relations services, excluding (i) any environmental consulting
867 services, (ii) any training services provided by an institution of higher
868 education licensed or accredited by the Board of Regents for Higher
869 Education or Office of Higher Education pursuant to sections 10a-35a
870 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
871 business analysis, management, management consulting and public
872 relations services when such services are rendered in connection with
873 an aircraft leased or owned by a certificated air carrier or in connection
874 with an aircraft which has a maximum certificated take-off weight of
875 six thousand pounds or more;

876 (K) Services providing "piped-in" music to business or professional
877 establishments;

878 (L) Flight instruction and chartering services by a certificated air
879 carrier on an aircraft, the use of which for such purposes, but for the
880 provisions of subdivision (4) of section 12-410 and subdivision (12) of
881 section 12-411, would be deemed a retail sale and a taxable storage or
882 use, respectively, of such aircraft by such carrier;

883 (M) Motor vehicle repair services, including any type of repair,
884 painting or replacement related to the body or any of the operating
885 parts of a motor vehicle;

886 (N) Motor vehicle parking, including the provision of space, other
887 than metered space, in a lot having thirty or more spaces, excluding (i)
888 space in a parking lot owned or leased under the terms of a lease of not
889 less than ten years' duration and operated by an employer for the
890 exclusive use of its employees, (ii) space in municipally operated
891 railroad parking facilities in municipalities located within an area of
892 the state designated as a severe nonattainment area for ozone under
893 the federal Clean Air Act or space in a railroad parking facility in a
894 municipality located within an area of the state designated as a severe
895 nonattainment area for ozone under the federal Clean Air Act owned
896 or operated by the state on or after April 1, 2000, (iii) space in a
897 seasonal parking lot provided by an entity subject to the exemption set
898 forth in subdivision (1) of section 12-412, and (iv) space in a
899 municipally owned parking lot;

900 (O) Radio or television repair services;

901 (P) Furniture reupholstering and repair services;

902 (Q) Repair services to any electrical or electronic device, including,
903 but not limited to, equipment used for purposes of refrigeration or
904 air-conditioning;

905 (R) Lobbying or consulting services for purposes of representing the

906 interests of a client in relation to the functions of any governmental
907 entity or instrumentality;

908 (S) Services of the agent of any person in relation to the sale of any
909 item of tangible personal property for such person, exclusive of the
910 services of a consignee selling works of art, as defined in subsection (b)
911 of section 12-376c, or articles of clothing or footwear intended to be
912 worn on or about the human body other than (i) any special clothing
913 or footwear primarily designed for athletic activity or protective use
914 and which is not normally worn except when used for the athletic
915 activity or protective use for which it was designed, and (ii) jewelry,
916 handbags, luggage, umbrellas, wallets, watches and similar items
917 carried on or about the human body but not worn on the body, under
918 consignment, exclusive of services provided by an auctioneer;

919 (T) Locksmith services;

920 (U) Advertising or public relations services, including layout, art
921 direction, graphic design, mechanical preparation or production
922 supervision, not related to the development of media advertising or
923 cooperative direct mail advertising;

924 (V) Landscaping and horticulture services;

925 (W) Window cleaning services;

926 (X) Maintenance services;

927 (Y) Janitorial services;

928 (Z) Exterminating services;

929 (AA) Swimming pool cleaning and maintenance services;

930 (BB) Miscellaneous personal services included in industry group 729
931 in the Standard Industrial Classification Manual, United States Office
932 of Management and Budget, 1987 edition, or [U.S.] industry group
933 532220, 812191, 812199 or 812990 [in] of the North American

934 [Industrial] Industry Classification System United States Manual,
935 United States Office of Management and Budget (NAICS), 1997
936 edition, exclusive of (i) services rendered by massage therapists
937 licensed pursuant to chapter 384a, and (ii) services rendered by an
938 electrologist licensed pursuant to chapter 388;

939 (CC) Any repair or maintenance service to any item of tangible
940 personal property including any contract of warranty or service related
941 to any such item;

942 (DD) Business analysis, management or managing consulting
943 services rendered by a general partner, or an affiliate thereof, to a
944 limited partnership, provided (i) the general partner, or an affiliate
945 thereof, is compensated for the rendition of such services other than
946 through a distributive share of partnership profits or an annual
947 percentage of partnership capital or assets established in the limited
948 partnership's offering statement, and (ii) the general partner, or an
949 affiliate thereof, offers such services to others, including any other
950 partnership. As used in this subparagraph "an affiliate of a general
951 partner" means an entity which is directly or indirectly owned fifty per
952 cent or more in common with a general partner;

953 (EE) Notwithstanding the provisions of section 12-412, as amended
954 by this act, except subdivision (87) of said section 12-412, patient care
955 services, as defined in subdivision (29) of this subsection by a hospital,
956 except that "sale" and "selling" does not include such patient care
957 services for which payment is received by the hospital during the
958 period commencing July 1, 2001, and ending June 30, 2003;

959 (FF) Health and athletic club services, exclusive of (i) any such
960 services provided without any additional charge which are included in
961 any dues or initiation fees paid to any such club, which dues or fees
962 are subject to tax under section 12-543, and (ii) any such services
963 provided by a municipality or an organization that is described in
964 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
965 corresponding internal revenue code of the United States, as amended

966 from time to time; [amended;]

967 (GG) Motor vehicle storage services, including storage of motor
968 homes, campers and camp trailers, other than the furnishing of space
969 as described in subparagraph (P) of subdivision (2) of this subsection;

970 (HH) Packing and crating services, other than those provided in
971 connection with the sale of tangible personal property by the retailer of
972 such property;

973 (II) Motor vehicle towing and road services, other than motor
974 vehicle repair services;

975 (JJ) Intrastate transportation services provided by livery services,
976 including limousines, community cars or vans, with a driver. Intrastate
977 transportation services shall not include transportation by taxicab,
978 motor bus, ambulance or ambulette, scheduled public transportation,
979 nonemergency medical transportation provided under the Medicaid
980 program, paratransit services provided by agreement or arrangement
981 with the state or any political subdivision of the state, dial-a-ride
982 services or services provided in connection with funerals;

983 (KK) Pet grooming and pet boarding services, except if such services
984 are provided as an integral part of professional veterinary services,
985 and pet obedience services;

986 (LL) Services in connection with a cosmetic medical procedure. For
987 purposes of this subparagraph, "cosmetic medical procedure" means
988 any medical procedure performed on an individual that is directed at
989 improving the individual's appearance and that does not meaningfully
990 promote the proper function of the body or prevent or treat illness or
991 disease. "Cosmetic medical procedure" includes, but is not limited to,
992 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
993 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
994 skin resurfacing, laser treatment of leg veins and sclerotherapy.
995 "Cosmetic medical procedure" does not include reconstructive surgery.
996 "Reconstructive surgery" includes any surgery performed on abnormal

997 structures caused by or related to congenital defects, developmental
998 abnormalities, trauma, infection, tumors or disease, including
999 procedures to improve function or give a more normal appearance;

1000 (MM) Manicure services, pedicure services and all other nail
1001 services, regardless of where performed, including airbrushing, fills,
1002 full sets, nail sculpting, paraffin treatments and polishes;

1003 (NN) Spa services, regardless of where performed, including body
1004 waxing and wraps, peels, scrubs and facials; [and]

1005 (OO) Car wash services, including coin-operated car washes;

1006 (PP) Prearranged rides that originate in this state, provided by
1007 transportation network companies. As used in this subparagraph,
1008 "prearranged ride" and "transportation network company" have the
1009 same meanings as provided in section 13b-116.

1010 Sec. 14. Subsections (b) and (c) of section 13b-121 of the general
1011 statutes are repealed and the following is substituted in lieu thereof
1012 (*Effective from passage*):

1013 (b) Each transportation network company shall pay a fee of twenty-
1014 five cents on each prearranged ride that originates in this state prior to
1015 October 1, 2019.

1016 (c) On or before the last day of the month next succeeding each
1017 calendar quarter, until and including October 31, 2019, each
1018 transportation network company shall: (1) File a return electronically
1019 for the preceding period with the Commissioner of Revenue Services
1020 on such forms as the commissioner may prescribe; and (2) make
1021 payment of the fees required under subsection (b) of this section by
1022 electronic funds transfer in the manner provided by chapter 228g. Any
1023 document received and maintained by the commissioner with respect
1024 to a transportation network company shall be return information, as
1025 defined in section 12-15, and shall not be subject to disclosure under
1026 the Freedom of Information Act, as defined in section 1-200.

1027 Sec. 15. Subdivision (1) of section 12-408 of the general statutes, as
1028 amended by section 8 of this act, is repealed and the following is
1029 substituted in lieu thereof (*Effective January 1, 2020, and applicable to*
1030 *sales occurring on or after January 1, 2020*):

1031 (1) (A) For the privilege of making any sales, as defined in
1032 subdivision (2) of subsection (a) of section 12-407, at retail, in this state
1033 for a consideration, a tax is hereby imposed on all retailers at the rate
1034 of six and thirty-five-hundredths per cent of the gross receipts of any
1035 retailer from the sale of all tangible personal property sold at retail or
1036 from the rendering of any services constituting a sale in accordance
1037 with subdivision (2) of subsection (a) of section 12-407, except, in lieu
1038 of said rate, [of six and thirty-five-hundredths per cent,] the rates
1039 provided in subparagraphs (B) to [(H)] (I), inclusive, of this
1040 subdivision;

1041 (B) (i) At a rate of fifteen per cent with respect to each transfer of
1042 occupancy, from the total amount of rent received by a hotel or
1043 lodging house for the first period not exceeding thirty consecutive
1044 calendar days;

1045 (ii) At a rate of eleven per cent with respect to each transfer of
1046 occupancy, from the total amount of rent received by a bed and
1047 breakfast establishment for the first period not exceeding thirty
1048 consecutive calendar days;

1049 (C) With respect to the sale of a motor vehicle to any individual who
1050 is a member of the armed forces of the United States and is on full-time
1051 active duty in Connecticut and who is considered, under 50 App USC
1052 574, a resident of another state, or to any such individual and the
1053 spouse thereof, at a rate of four and one-half per cent of the gross
1054 receipts of any retailer from such sales, provided such retailer requires
1055 and maintains a declaration by such individual, prescribed as to form
1056 by the commissioner and bearing notice to the effect that false
1057 statements made in such declaration are punishable, or other evidence,
1058 satisfactory to the commissioner, concerning the purchaser's state of

1059 residence under 50 App USC 574;

1060 (D) (i) With respect to the sales of computer and data processing
1061 services occurring on or after July 1, 2001, at the rate of one per cent,
1062 and (ii) with respect to sales of Internet access services, on and after
1063 July 1, 2001, such services shall be exempt from such tax;

1064 (E) (i) With respect to the sales of labor that is otherwise taxable
1065 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
1066 section 12-407 on existing vessels and repair or maintenance services
1067 on vessels occurring on and after July 1, 1999, such services shall be
1068 exempt from such tax;

1069 (ii) With respect to the sale of a vessel, a motor for a vessel or a
1070 trailer used for transporting a vessel, at the rate of two and ninety-
1071 nine-hundredths per cent, except that the sale of a vessel shall be
1072 exempt from such tax if such vessel is docked in this state for sixty or
1073 fewer days in a calendar year;

1074 (F) With respect to patient care services for which payment is
1075 received by the hospital on or after July 1, 1999, and prior to July 1,
1076 2001, at the rate of five and three-fourths per cent and on and after July
1077 1, 2001, such services shall be exempt from such tax;

1078 (G) With respect to the rental or leasing of a passenger motor
1079 vehicle for a period of thirty consecutive calendar days or less, at a rate
1080 of nine and thirty-five-hundredths per cent;

1081 (H) With respect to the sale of (i) a motor vehicle for a sales price
1082 exceeding fifty thousand dollars, at a rate of seven and three-fourths
1083 per cent on the entire sales price, (ii) jewelry, whether real or imitation,
1084 for a sales price exceeding five thousand dollars, at a rate of seven and
1085 three-fourths per cent on the entire sales price, and (iii) an article of
1086 clothing or footwear intended to be worn on or about the human body,
1087 a handbag, luggage, umbrella, wallet or watch for a sales price
1088 exceeding one thousand dollars, at a rate of seven and three-fourths
1089 per cent on the entire sales price. For purposes of this subparagraph,

1090 "motor vehicle" has the meaning provided in section 14-1, but does not
1091 include a motor vehicle subject to the provisions of subparagraph (C)
1092 of this subdivision, a motor vehicle having a gross vehicle weight
1093 rating over twelve thousand five hundred pounds, or a motor vehicle
1094 having a gross vehicle weight rating of twelve thousand five hundred
1095 pounds or less that is not used for private passenger purposes, but is
1096 designed or used to transport merchandise, freight or persons in
1097 connection with any business enterprise and issued a commercial
1098 registration or more specific type of registration by the Department of
1099 Motor Vehicles;

1100 (I) With respect to the sale of meals, as defined in subdivision (13) of
1101 section 12-412, sold by an eating establishment, caterer or grocery
1102 store; and spirituous, malt or vinous liquors, soft drinks, sodas or
1103 beverages such as are ordinarily dispensed at bars and soda fountains,
1104 or in connection therewith; at the rate of seven and thirty-five-
1105 hundredths per cent;

1106 ~~[(I)]~~ (I) The rate of tax imposed by this chapter shall be applicable to
1107 all retail sales upon the effective date of such rate, except that a new
1108 rate [which] that represents an increase in the rate applicable to the
1109 sale shall not apply to any sales transaction wherein a binding sales
1110 contract without an escalator clause has been entered into prior to the
1111 effective date of the new rate and delivery is made within ninety days
1112 after the effective date of the new rate. For the purposes of payment of
1113 the tax imposed under this section, any retailer of services taxable
1114 under subdivision (37) of subsection (a) of section 12-407, as amended
1115 by this act, who computes taxable income, for purposes of taxation
1116 under the Internal Revenue Code of 1986, or any subsequent
1117 corresponding internal revenue code of the United States, as amended
1118 from time to time, ~~[amended,]~~ on an accounting basis [which] that
1119 recognizes only cash or other valuable consideration actually received
1120 as income and who is liable for such tax only due to the rendering of
1121 such services may make payments related to such tax for the period
1122 during which such income is received, without penalty or interest,

1123 without regard to when such service is rendered;

1124 ~~[(J)]~~ (K) (i) For calendar quarters ending on or after September 30,
1125 2019, the commissioner shall deposit into the regional planning
1126 incentive account, established pursuant to section 4-66k, six and seven-
1127 tenths per cent of the amounts received by the state from the tax
1128 imposed under subparagraph (B) of this subdivision and ten and
1129 seven-tenths per cent of the amounts received by the state from the tax
1130 imposed under subparagraph (G) of this subdivision;

1131 (ii) For calendar quarters ending on or after September 30, 2018, the
1132 commissioner shall deposit into the Tourism Fund established under
1133 section 10-395b ten per cent of the amounts received by the state from
1134 the tax imposed under subparagraph (B) of this subdivision;

1135 ~~[(K)]~~ (L) For calendar months commencing on or after July 1, 2021,
1136 the commissioner shall deposit into the municipal revenue sharing
1137 account established pursuant to section 4-66l seven and nine-tenths per
1138 cent of the amounts received by the state from the tax imposed under
1139 subparagraph (A) of this subdivision; and

1140 ~~[(L)]~~ (M) (i) For calendar months commencing on or after July 1,
1141 2017, the commissioner shall deposit into the Special Transportation
1142 Fund established under section 13b-68 seven and nine-tenths per cent
1143 of the amounts received by the state from the tax imposed under
1144 subparagraph (A) of this subdivision;

1145 (ii) For calendar months commencing on or after July 1, 2018, but
1146 prior to July 1, 2019, the commissioner shall deposit into the Special
1147 Transportation Fund established under section 13b-68 eight per cent of
1148 the amounts received by the state from the tax imposed under
1149 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1150 vehicle;

1151 (iii) For calendar months commencing on or after July 1, 2019, but
1152 prior to July 1, 2020, the commissioner shall deposit into the Special
1153 Transportation Fund established under section 13b-68 fifteen per cent

1154 of the amounts received by the state from the tax imposed under
1155 subparagraphs (A) and (H) of this subdivision on the sale of a motor
1156 vehicle; and

1157 (iv) For calendar months commencing on or after July 1, 2020, the
1158 commissioner shall deposit into the Special Transportation Fund
1159 established under section 13b-68 eighteen per cent of the amounts
1160 received by the state from the tax imposed under subparagraphs (A)
1161 and (H) of this subdivision on the sale of a motor vehicle.

1162 Sec. 16. Subdivision (1) of section 12-411 of the general statutes, as
1163 amended by section 9 of this act, is repealed and the following is
1164 substituted in lieu thereof (*Effective January 1, 2020, and applicable to*
1165 *sales occurring on or after January 1, 2020*):

1166 (1) (A) An excise tax is hereby imposed on the storage, acceptance,
1167 consumption or any other use in this state of tangible personal
1168 property purchased from any retailer for storage, acceptance,
1169 consumption or any other use in this state, the acceptance or receipt of
1170 any services constituting a sale in accordance with subdivision (2) of
1171 subsection (a) of section 12-407, purchased from any retailer for
1172 consumption or use in this state, or the storage, acceptance,
1173 consumption or any other use in this state of tangible personal
1174 property which has been manufactured, fabricated, assembled or
1175 processed from materials by a person, either within or without this
1176 state, for storage, acceptance, consumption or any other use by such
1177 person in this state, to be measured by the sales price of materials, at
1178 the rate of six and thirty-five-hundredths per cent of the sales price of
1179 such property or services, except, in lieu of said rate: [of six and thirty-
1180 five-hundredths per cent;]

1181 (B) (i) At a rate of fifteen per cent of the rent paid to a hotel or
1182 lodging house for the first period not exceeding thirty consecutive
1183 calendar days;

1184 (ii) At a rate of eleven per cent of the rent paid to a bed and

1185 breakfast establishment for the first period not exceeding thirty
1186 consecutive calendar days;

1187 (C) With respect to the storage, acceptance, consumption or use in
1188 this state of a motor vehicle purchased from any retailer for storage,
1189 acceptance, consumption or use in this state by any individual who is a
1190 member of the armed forces of the United States and is on full-time
1191 active duty in Connecticut and who is considered, under 50 App USC
1192 574, a resident of another state, or to any such individual and the
1193 spouse of such individual at a rate of four and one-half per cent of the
1194 sales price of such vehicle, provided such retailer requires and
1195 maintains a declaration by such individual, prescribed as to form by
1196 the commissioner and bearing notice to the effect that false statements
1197 made in such declaration are punishable, or other evidence,
1198 satisfactory to the commissioner, concerning the purchaser's state of
1199 residence under 50 App USC 574;

1200 (D) (i) With respect to the acceptance or receipt in this state of labor
1201 that is otherwise taxable under subparagraph (C) or (G) of subdivision
1202 (2) of subsection (a) of section 12-407 on existing vessels and repair or
1203 maintenance services on vessels occurring on and after July 1, 1999,
1204 such services shall be exempt from such tax;

1205 (ii) (I) With respect to the storage, acceptance or other use of a vessel
1206 in this state, at the rate of two and ninety-nine-hundredths per cent,
1207 except that such storage, acceptance or other use shall be exempt from
1208 such tax if such vessel is docked in this state for sixty or fewer days in
1209 a calendar year;

1210 (II) With respect to the storage, acceptance or other use of a motor
1211 for a vessel or a trailer used for transporting a vessel in this state, at the
1212 rate of two and ninety-nine-hundredths per cent;

1213 (E) (i) With respect to the acceptance or receipt in this state of
1214 computer and data processing services purchased from any retailer for
1215 consumption or use in this state occurring on or after July 1, 2001, at

1216 the rate of one per cent of such services, and (ii) with respect to the
1217 acceptance or receipt in this state of Internet access services, on and
1218 after July 1, 2001, such services shall be exempt from such tax;

1219 (F) With respect to the acceptance or receipt in this state of patient
1220 care services purchased from any retailer for consumption or use in
1221 this state for which payment is received by the hospital on or after July
1222 1, 1999, and prior to July 1, 2001, at the rate of five and three-fourths
1223 per cent and on and after July 1, 2001, such services shall be exempt
1224 from such tax;

1225 (G) With respect to the rental or leasing of a passenger motor
1226 vehicle for a period of thirty consecutive calendar days or less, at a rate
1227 of nine and thirty-five-hundredths per cent;

1228 (H) With respect to the acceptance or receipt in this state of (i) a
1229 motor vehicle for a sales price exceeding fifty thousand dollars, at a
1230 rate of seven and three-fourths per cent on the entire sales price, (ii)
1231 jewelry, whether real or imitation, for a sales price exceeding five
1232 thousand dollars, at a rate of seven and three-fourths per cent on the
1233 entire sales price, and (iii) an article of clothing or footwear intended to
1234 be worn on or about the human body, a handbag, luggage, umbrella,
1235 wallet or watch for a sales price exceeding one thousand dollars, at a
1236 rate of seven and three-fourths per cent on the entire sales price. For
1237 purposes of this subparagraph, "motor vehicle" has the meaning
1238 provided in section 14-1, but does not include a motor vehicle subject
1239 to the provisions of subparagraph (C) of this subdivision, a motor
1240 vehicle having a gross vehicle weight rating over twelve thousand five
1241 hundred pounds, or a motor vehicle having a gross vehicle weight
1242 rating of twelve thousand five hundred pounds or less that is not used
1243 for private passenger purposes, but is designed or used to transport
1244 merchandise, freight or persons in connection with any business
1245 enterprise and issued a commercial registration or more specific type
1246 of registration by the Department of Motor Vehicles;

1247 (I) With respect to the acceptance or receipt in this state of meals, as

1248 defined in subdivision (13) of section 12-412, sold by an eating
1249 establishment, caterer or grocery store; and spirituous, malt or vinous
1250 liquors, soft drinks, sodas or beverages such as are ordinarily
1251 dispensed at bars and soda fountains, or in connection therewith; at
1252 the rate of seven and thirty-five-hundredths per cent;

1253 ~~[(I)]~~ ~~[(J)]~~ (i) For calendar quarters ending on or after September 30,
1254 2019, the commissioner shall deposit into the regional planning
1255 incentive account, established pursuant to section 4-66k, six and seven-
1256 tenths per cent of the amounts received by the state from the tax
1257 imposed under subparagraph (B) of this subdivision and ten and
1258 seven-tenths per cent of the amounts received by the state from the tax
1259 imposed under subparagraph (G) of this subdivision;

1260 (ii) For calendar quarters ending on or after September 30, 2018, the
1261 commissioner shall deposit into the Tourism Fund established under
1262 section 10-395b ten per cent of the amounts received by the state from
1263 the tax imposed under subparagraph (B) of this subdivision;

1264 ~~[(J)]~~ ~~[(K)]~~ For calendar months commencing on or after July 1, 2021,
1265 the commissioner shall deposit into said municipal revenue sharing
1266 account seven and nine-tenths per cent of the amounts received by the
1267 state from the tax imposed under subparagraph (A) of this
1268 subdivision; and

1269 ~~[(K)]~~ ~~[(L)]~~ (i) For calendar months commencing on or after July 1,
1270 2017, the commissioner shall deposit into said Special Transportation
1271 Fund seven and nine-tenths per cent of the amounts received by the
1272 state from the tax imposed under subparagraph (A) of this
1273 subdivision;

1274 (ii) For calendar months commencing on or after July 1, 2018, but
1275 prior to July 1, 2019, the commissioner shall deposit into the Special
1276 Transportation Fund established under section 13b-68 eight per cent of
1277 the amounts received by the state from the tax imposed under
1278 subparagraphs (A) and (H) of this subdivision on the acceptance or

1279 receipt in this state of a motor vehicle;

1280 (iii) For calendar months commencing on or after July 1, 2019, but
1281 prior to July 1, 2020, the commissioner shall deposit into the Special
1282 Transportation Fund established under section 13b-68 fifteen per cent
1283 of the amounts received by the state from the tax imposed under
1284 subparagraphs (A) and (H) of this subdivision on the acceptance or
1285 receipt in this state of a motor vehicle; and

1286 (iv) For calendar months commencing on or after July 1, 2020, the
1287 commissioner shall deposit into the Special Transportation Fund
1288 established under section 13b-68 eighteen per cent of the amounts
1289 received by the state from the tax imposed under subparagraphs (A)
1290 and (H) of this subdivision on the acceptance or receipt in this state of
1291 a motor vehicle.

1292 Sec. 17. Subdivision (37) of subsection (a) of section 12-407 of the
1293 general statutes, as amended by section 13 of this act, is repealed and
1294 the following is substituted in lieu thereof (*Effective January 1, 2020, and*
1295 *applicable to sales occurring on or after January 1, 2020*):

1296 (37) "Services" for purposes of subdivision (2) of this subsection,
1297 means:

1298 (A) Computer and data processing services, including, but not
1299 limited to, time, programming, code writing, modification of existing
1300 programs, feasibility studies and installation and implementation of
1301 software programs and systems even where such services are rendered
1302 in connection with the development, creation or production of canned
1303 or custom software or the license of custom software, but excluding
1304 digital goods;

1305 (B) Credit information and reporting services;

1306 (C) Services by employment agencies and agencies providing
1307 personnel services;

1308 (D) Private investigation, protection, patrol work, watchman and
1309 armored car services, exclusive of (i) services of off-duty police officers
1310 and off-duty firefighters, and (ii) coin and currency services provided
1311 to a financial services company by or through another financial
1312 services company. For purposes of this subparagraph, "financial
1313 services company" has the same meaning as provided under
1314 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
1315 of section 12-218b;

1316 (E) Painting and lettering services;

1317 (F) Photographic studio services;

1318 (G) Telephone answering services;

1319 (H) Stenographic services;

1320 (I) Services to industrial, commercial or income-producing real
1321 property, including, but not limited to, such services as management,
1322 electrical, plumbing, painting and carpentry, provided
1323 income-producing property shall not include property used
1324 exclusively for residential purposes in which the owner resides and
1325 which contains no more than three dwelling units, or a housing facility
1326 for low and moderate income families and persons owned or operated
1327 by a nonprofit housing organization, as defined in subdivision (29) of
1328 section 12-412;

1329 (J) Business analysis, management, management consulting and
1330 public relations services, excluding (i) any environmental consulting
1331 services, (ii) any training services provided by an institution of higher
1332 education licensed or accredited by the Board of Regents for Higher
1333 Education or Office of Higher Education pursuant to sections 10a-35a
1334 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
1335 business analysis, management, management consulting and public
1336 relations services when such services are rendered in connection with
1337 an aircraft leased or owned by a certificated air carrier or in connection
1338 with an aircraft which has a maximum certificated take-off weight of

1339 six thousand pounds or more;

1340 (K) Services providing "piped-in" music to business or professional
1341 establishments;

1342 (L) Flight instruction and chartering services by a certificated air
1343 carrier on an aircraft, the use of which for such purposes, but for the
1344 provisions of subdivision (4) of section 12-410 and subdivision (12) of
1345 section 12-411, would be deemed a retail sale and a taxable storage or
1346 use, respectively, of such aircraft by such carrier;

1347 (M) Motor vehicle repair services, including any type of repair,
1348 painting or replacement related to the body or any of the operating
1349 parts of a motor vehicle;

1350 (N) Motor vehicle parking, [including the provision of space, other
1351 than metered space, in a lot having thirty or more spaces,] excluding
1352 [(i)] space in a parking lot owned or leased under the terms of a lease
1353 of not less than ten years' duration and operated by an employer for
1354 the exclusive use of its employees; [, (ii) space in municipally operated
1355 railroad parking facilities in municipalities located within an area of
1356 the state designated as a severe nonattainment area for ozone under
1357 the federal Clean Air Act or space in a railroad parking facility in a
1358 municipality located within an area of the state designated as a severe
1359 nonattainment area for ozone under the federal Clean Air Act owned
1360 or operated by the state on or after April 1, 2000, (iii) space in a
1361 seasonal parking lot provided by an entity subject to the exemption set
1362 forth in subdivision (1) of section 12-412, and (iv) space in a
1363 municipally owned parking lot;]

1364 (O) Radio or television repair services;

1365 (P) Furniture reupholstering and repair services;

1366 (Q) Repair services to any electrical or electronic device, including,
1367 but not limited to, equipment used for purposes of refrigeration or
1368 air-conditioning;

1369 (R) Lobbying or consulting services for purposes of representing the
1370 interests of a client in relation to the functions of any governmental
1371 entity or instrumentality;

1372 (S) Services of the agent of any person in relation to the sale of any
1373 item of tangible personal property for such person, exclusive of the
1374 services of a consignee selling works of art, as defined in subsection (b)
1375 of section 12-376c, or articles of clothing or footwear intended to be
1376 worn on or about the human body other than (i) any special clothing
1377 or footwear primarily designed for athletic activity or protective use
1378 and which is not normally worn except when used for the athletic
1379 activity or protective use for which it was designed, and (ii) jewelry,
1380 handbags, luggage, umbrellas, wallets, watches and similar items
1381 carried on or about the human body but not worn on the body, under
1382 consignment, exclusive of services provided by an auctioneer;

1383 (T) Locksmith services;

1384 (U) Advertising or public relations services, including layout, art
1385 direction, graphic design, mechanical preparation or production
1386 supervision, not related to the development of media advertising or
1387 cooperative direct mail advertising;

1388 (V) Landscaping and horticulture services;

1389 (W) Window cleaning services;

1390 (X) Maintenance services;

1391 (Y) Janitorial services;

1392 (Z) Exterminating services;

1393 (AA) Swimming pool cleaning and maintenance services;

1394 (BB) Miscellaneous personal services included in industry group 729
1395 in the Standard Industrial Classification Manual, United States Office
1396 of Management and Budget, 1987 edition, or industry group 532220,

1397 812191, 812199 or 812990 of the North American Industry
1398 Classification System United States Manual, United States Office of
1399 Management and Budget (NAICS), 1997 edition, exclusive of (i)
1400 services rendered by massage therapists licensed pursuant to chapter
1401 384a, and (ii) services rendered by an electrologist licensed pursuant to
1402 chapter 388;

1403 (CC) Any repair or maintenance service to any item of tangible
1404 personal property including any contract of warranty or service related
1405 to any such item;

1406 (DD) Business analysis, management or managing consulting
1407 services rendered by a general partner, or an affiliate thereof, to a
1408 limited partnership, provided (i) the general partner, or an affiliate
1409 thereof, is compensated for the rendition of such services other than
1410 through a distributive share of partnership profits or an annual
1411 percentage of partnership capital or assets established in the limited
1412 partnership's offering statement, and (ii) the general partner, or an
1413 affiliate thereof, offers such services to others, including any other
1414 partnership. As used in this subparagraph "an affiliate of a general
1415 partner" means an entity which is directly or indirectly owned fifty per
1416 cent or more in common with a general partner;

1417 (EE) Notwithstanding the provisions of section 12-412, as amended
1418 by this act, except subdivision (87) of said section 12-412, patient care
1419 services, as defined in subdivision (29) of this subsection by a hospital,
1420 except that "sale" and "selling" does not include such patient care
1421 services for which payment is received by the hospital during the
1422 period commencing July 1, 2001, and ending June 30, 2003;

1423 (FF) Health and athletic club services, exclusive of (i) any such
1424 services provided without any additional charge which are included in
1425 any dues or initiation fees paid to any such club, which dues or fees
1426 are subject to tax under section 12-543, and (ii) any such services
1427 provided by a municipality or an organization that is described in
1428 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent

1429 corresponding internal revenue code of the United States, as amended
1430 from time to time;

1431 (GG) Motor vehicle storage services, including storage of motor
1432 homes, campers and camp trailers, other than the furnishing of space
1433 as described in subparagraph (P) of subdivision (2) of this subsection;

1434 (HH) Packing and crating services, other than those provided in
1435 connection with the sale of tangible personal property by the retailer of
1436 such property;

1437 (II) Motor vehicle towing and road services, other than motor
1438 vehicle repair services;

1439 (JJ) Intrastate transportation services provided by livery services,
1440 including limousines, community cars or vans, with a driver. Intrastate
1441 transportation services shall not include transportation by taxicab,
1442 motor bus, ambulance or ambulette, scheduled public transportation,
1443 nonemergency medical transportation provided under the Medicaid
1444 program, paratransit services provided by agreement or arrangement
1445 with the state or any political subdivision of the state, dial-a-ride
1446 services or services provided in connection with funerals;

1447 (KK) Pet grooming and pet boarding services, except if such services
1448 are provided as an integral part of professional veterinary services,
1449 and pet obedience services;

1450 (LL) Services in connection with a cosmetic medical procedure. For
1451 purposes of this subparagraph, "cosmetic medical procedure" means
1452 any medical procedure performed on an individual that is directed at
1453 improving the individual's appearance and that does not meaningfully
1454 promote the proper function of the body or prevent or treat illness or
1455 disease. "Cosmetic medical procedure" includes, but is not limited to,
1456 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
1457 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
1458 skin resurfacing, laser treatment of leg veins and sclerotherapy.
1459 "Cosmetic medical procedure" does not include reconstructive surgery.

1460 "Reconstructive surgery" includes any surgery performed on abnormal
1461 structures caused by or related to congenital defects, developmental
1462 abnormalities, trauma, infection, tumors or disease, including
1463 procedures to improve function or give a more normal appearance;

1464 (MM) Manicure services, pedicure services and all other nail
1465 services, regardless of where performed, including airbrushing, fills,
1466 full sets, nail sculpting, paraffin treatments and polishes;

1467 (NN) Spa services, regardless of where performed, including body
1468 waxing and wraps, peels, scrubs and facials;

1469 (OO) Car wash services, including coin-operated car washes;

1470 (PP) Prearranged rides that originate in this state, provided by
1471 transportation network companies. As used in this subparagraph,
1472 "prearranged ride" and "transportation network company" have the
1473 same meanings as provided in section 13b-116; [.]

1474 (QQ) Dry cleaning services and laundry services, excluding coin-
1475 operated services;

1476 (RR) Interior design services described in industry group 54141 of
1477 the NAICS, 2017 edition, as amended from time to time.

1478 Sec. 18. Section 12-412 of the general statutes is amended by adding
1479 subdivision (124) as follows (*Effective January 1, 2020, and applicable to*
1480 *sales occurring on or after January 1, 2020*):

1481 (NEW) (124) (A) Sales of interior design services set forth in
1482 subparagraph (RR) of subdivision (37) of subsection (a) of section 12-
1483 407, as amended by this act, that are purchased by a business for use
1484 by such business.

1485 (B) To qualify for such exemption, each purchaser of the services
1486 exempt pursuant to the provisions of this subdivision shall present a
1487 certificate to the retailer, in such form as the commissioner may

1488 prescribe, certifying that the purchaser is a business and is purchasing
1489 such services for its business. The purchaser of the services shall be
1490 liable for the tax otherwise imposed if the certificate is improperly
1491 provided to the seller, and any person who wilfully delivers a
1492 certificate that is known to be fraudulent or false in any material
1493 matter to a seller shall, in addition to any other penalty provided by
1494 law, be guilty of a class D felony.

1495 Sec. 19. (NEW) (*Effective July 1, 2019*) (a) The Commissioner of
1496 Revenue Services shall require taxpayers required to collect the tax
1497 under chapter 219 of the general statutes to enter into an agreement
1498 with an electronic payment processing company to provide automated
1499 sales tax collection and remittance, whereby such company (1)
1500 segregates an amount equal to the sales tax, if any, for each sales
1501 transaction payment processed by such company, and (2) remits such
1502 amount automatically to the Department of Revenue Services within
1503 twenty-four hours after such sales transaction.

1504 (b) The commissioner may issue a request for proposals to evaluate
1505 companies that are eligible to provide automated sales tax collection
1506 and remittance and shall publish annually a list of such companies that
1507 are approved by the commissioner.

1508 Sec. 20. Section 12-704c of the general statutes is repealed and the
1509 following is substituted in lieu thereof (*Effective from passage*):

1510 (a) Any resident of this state, as defined in subdivision (1) of
1511 subsection (a) of section 12-701, subject to the tax under this chapter for
1512 any taxable year shall be entitled to a credit in determining the amount
1513 of tax liability under this chapter, for all or a portion, as permitted by
1514 this section, of the amount of property tax, as defined in this section,
1515 first becoming due and actually paid during such taxable year by such
1516 person on such person's primary residence or motor vehicle in
1517 accordance with the provisions of this section, provided in the case of a
1518 person who files a return under the federal income tax for such taxable
1519 year as an unmarried individual, a married individual filing separately

1520 or a head of household, one motor vehicle shall be eligible for such
1521 credit and in the case of a husband and wife who file a return under
1522 federal income tax for such taxable year as married individuals filing
1523 jointly, no more than two motor vehicles shall be eligible for a credit
1524 under the provisions of this section.

1525 (b) (1) The credit allowed under this section shall not exceed (A) [for
1526 taxable years commencing on or after January 1, 2006, but prior to
1527 January 1, 2011, five hundred dollars; (B)] for taxable years
1528 commencing on or after January 1, 2011, but prior to January 1, 2016,
1529 three hundred dollars; and [(C)] (B) for taxable years commencing on
1530 or after January 1, 2016, two hundred dollars. In the case of any
1531 husband and wife who file a return under the federal income tax for
1532 such taxable year as married individuals filing a joint return, the credit
1533 allowed, in the aggregate, shall not exceed such [amounts] amount for
1534 each such taxable year.

1535 (2) Notwithstanding the provisions of subsection (a) of this section,
1536 for the taxable years commencing January 1, 2017, [and January 1,
1537 2018] to January 1, 2020, inclusive, the credit under this section shall be
1538 allowed only for a resident of this state (A) who has attained age sixty-
1539 five before the close of the applicable taxable year, or (B) who files a
1540 return under the federal income tax for the applicable taxable year
1541 validly claiming one or more dependents.

1542 [(c) (1) (A) For taxable years commencing prior to January 1, 2000, in
1543 the case of any such taxpayer who files under the federal income tax
1544 for such taxable year as an unmarried individual whose Connecticut
1545 adjusted gross income exceeds fifty-two thousand five hundred
1546 dollars, the amount of the credit that exceeds one hundred dollars shall
1547 be reduced by ten per cent for each ten thousand dollars, or fraction
1548 thereof, by which the taxpayer's Connecticut adjusted gross income
1549 exceeds said amount.

1550 (B) For taxable years commencing on or after January 1, 2000, but
1551 prior to January 1, 2001, in the case of any such taxpayer who files

1552 under the federal income tax for such taxable year as an unmarried
1553 individual whose Connecticut adjusted gross income exceeds fifty-
1554 three thousand five hundred dollars, the amount of the credit that
1555 exceeds one hundred dollars shall be reduced by ten per cent for each
1556 ten thousand dollars, or fraction thereof, by which the taxpayer's
1557 Connecticut adjusted gross income exceeds said amount.

1558 (C) For taxable years commencing on or after January 1, 2001, but
1559 prior to January 1, 2004, in the case of any such taxpayer who files
1560 under the federal income tax for such taxable year as an unmarried
1561 individual whose Connecticut adjusted gross income exceeds fifty-four
1562 thousand five hundred dollars, the amount of the credit shall be
1563 reduced by ten per cent for each ten thousand dollars, or fraction
1564 thereof, by which the taxpayer's Connecticut adjusted gross income
1565 exceeds said amount.

1566 (D) For taxable years commencing on or after January 1, 2004, but
1567 prior to January 1, 2007, in the case of any such taxpayer who files
1568 under the federal income tax for such taxable year as an unmarried
1569 individual whose Connecticut adjusted gross income exceeds fifty-five
1570 thousand dollars, the amount of the credit shall be reduced by ten per
1571 cent for each ten thousand dollars, or fraction thereof, by which the
1572 taxpayer's Connecticut adjusted gross income exceeds said amount.

1573 (E) For taxable years commencing on or after January 1, 2007, but
1574 prior to January 1, 2008, in the case of any such taxpayer who files
1575 under the federal income tax for such taxable year as an unmarried
1576 individual whose Connecticut adjusted gross income exceeds fifty-five
1577 thousand five hundred dollars, the amount of the credit shall be
1578 reduced by ten per cent for each ten thousand dollars, or fraction
1579 thereof, by which the taxpayer's Connecticut adjusted gross income
1580 exceeds said amount.

1581 (F) For taxable years commencing on or after January 1, 2008, but
1582 prior to January 1, 2011, in the case of any such taxpayer who files
1583 under the federal income tax for such taxable year as an unmarried

1584 individual whose Connecticut adjusted gross income exceeds fifty-six
1585 thousand five hundred dollars, the amount of the credit shall be
1586 reduced by ten per cent for each ten thousand dollars, or fraction
1587 thereof, by which the taxpayer's Connecticut adjusted gross income
1588 exceeds said amount.]

1589 [(G)] (c) (1) (A) For taxable years commencing on or after January 1,
1590 2011, but prior to January 1, 2013, in the case of any such taxpayer who
1591 files under the federal income tax for such taxable year as an
1592 unmarried individual whose Connecticut adjusted gross income
1593 exceeds fifty-six thousand five hundred dollars, the amount of the
1594 credit shall be reduced by fifteen per cent for each ten thousand
1595 dollars, or fraction thereof, by which the taxpayer's Connecticut
1596 adjusted gross income exceeds said amount.

1597 [(H)] (B) For taxable years commencing on or after January 1, 2013,
1598 but prior to January 1, 2014, in the case of any such taxpayer who files
1599 under the federal income tax for such taxable year as an unmarried
1600 individual whose Connecticut adjusted gross income exceeds sixty
1601 thousand five hundred dollars, the amount of the credit shall be
1602 reduced by fifteen per cent for each ten thousand dollars, or fraction
1603 thereof, by which the taxpayer's Connecticut adjusted gross income
1604 exceeds said amount.

1605 [(I)] (C) For taxable years commencing on or after January 1, 2014,
1606 but prior to January 1, 2016, in the case of any such taxpayer who files
1607 under the federal income tax for such taxable year as an unmarried
1608 individual whose Connecticut adjusted gross income exceeds forty-
1609 seven thousand five hundred dollars, the amount of the credit shall be
1610 reduced by fifteen per cent for each ten thousand dollars, or fraction
1611 thereof, by which the taxpayer's Connecticut adjusted gross income
1612 exceeds said amount.

1613 [(J)] (D) For taxable years commencing on or after January 1, 2016, in
1614 the case of any such taxpayer who files under the federal income tax
1615 for such taxable year as an unmarried individual whose Connecticut

1616 adjusted gross income exceeds forty-nine thousand five hundred
1617 dollars, the amount of the credit shall be reduced by fifteen per cent for
1618 each ten thousand dollars, or fraction thereof, by which the taxpayer's
1619 Connecticut adjusted gross income exceeds said amount.

1620 (2) In the case of any such taxpayer who files under the federal
1621 income tax for such taxable year as a married individual filing
1622 separately whose Connecticut adjusted gross income exceeds thirty-
1623 five thousand two hundred fifty dollars, the amount of the credit shall
1624 be reduced by fifteen per cent for each five thousand dollars, or
1625 fraction thereof, by which the taxpayer's Connecticut adjusted gross
1626 income exceeds said amount.

1627 (3) In the case of a taxpayer who files under the federal income tax
1628 for such taxable year as a head of household whose Connecticut
1629 adjusted gross income exceeds fifty-four thousand five hundred
1630 dollars, the amount of the credit shall be reduced by fifteen per cent for
1631 each ten thousand dollars or fraction thereof, by which the taxpayer's
1632 Connecticut adjusted gross income exceeds said amount.

1633 (4) In the case of a taxpayer who files under federal income tax for
1634 such taxable year as married individuals filing jointly whose
1635 Connecticut adjusted gross income exceeds seventy thousand five
1636 hundred dollars, the amount of the credit shall be reduced by fifteen
1637 per cent for each ten thousand dollars, or fraction thereof, by which the
1638 taxpayer's Connecticut adjusted gross income exceeds said amount.

1639 (d) The credit allowed under the provisions of this section shall be
1640 available for any person leasing a motor vehicle pursuant to a written
1641 agreement for a term of more than one year. Such lessee shall be
1642 entitled to the credit in accordance with the provisions of this section
1643 for the taxes actually paid by the lessor or lessee on such leased
1644 vehicle, provided the lessee was lawfully in possession of the motor
1645 vehicle at such time when the taxes first became due. The lessor shall
1646 provide the lessee with documentation establishing, to the satisfaction
1647 of the Commissioner of Revenue Services, the amount of property tax

1648 paid during the time period in which the lessee was lawfully in
1649 possession of the motor vehicle. The lessor of the motor vehicle shall
1650 not be entitled to a credit under the provisions of this section.

1651 (e) The credit may only be used to reduce [such] a qualifying
1652 taxpayer's tax liability for the year for which such credit is applicable
1653 and shall not be used to reduce such tax liability to less than zero.

1654 (f) The amount of tax due pursuant to sections 12-705 and 12-722
1655 shall be calculated without regard to this credit.

1656 (g) For the purposes of this section: (1) "Property tax" means the
1657 amount of property tax exclusive of any interest, fees or charges
1658 thereon for which a taxpayer is liable, or in the case of any husband
1659 and wife who file a return under the federal income tax for such
1660 taxable year as married individuals filing a joint return, for which the
1661 husband or wife or both are liable, to a Connecticut political
1662 subdivision on the taxpayer's primary residence or motor vehicles; (2)
1663 "motor vehicle" means a motor vehicle, as defined in section 14-1,
1664 [which] that is privately owned or leased; and (3) property tax first
1665 becomes due, if due and payable in a single installment, on the date
1666 designated by the legislative body of the municipality as the date on
1667 which such installment shall be due and payable and, if due and
1668 payable in two or more installments, on the date designated by the
1669 legislative body of the municipality as the date on which such
1670 installment shall be due and payable or, at the election of the taxpayer,
1671 on the date designated by the legislative body of the municipality as
1672 the date on which any earlier installment of such tax shall be due and
1673 payable.

1674 Sec. 21. Section 12-498 of the general statutes is repealed and the
1675 following is substituted in lieu thereof (*Effective July 1, 2019*):

1676 (a) The tax imposed by section 12-494 shall not apply to:

1677 (1) Deeds which this state is prohibited from taxing under the
1678 Constitution or laws of the United States;

- 1679 (2) [deeds] Deeds which secure a debt or other obligation;
- 1680 (3) [deeds] Deeds to which this state or any of its political
1681 subdivisions or its or their respective agencies is a party;
- 1682 (4) [tax] Tax deeds;
- 1683 (5) [deeds] Deeds of release of property which is security for a debt
1684 or other obligation;
- 1685 (6) [deeds] Deeds of partition;
- 1686 (7) [deeds] Deeds made pursuant to mergers of corporations;
- 1687 (8) [deeds] Deeds made by a subsidiary corporation to its parent
1688 corporation for no consideration other than the cancellation or
1689 surrender of the subsidiary's stock;
- 1690 (9) [deeds] Deeds made pursuant to a decree of the Superior Court
1691 under section 46b-81, 49-24 or 52-495 or pursuant to a judgment of
1692 foreclosure by market sale under section 49-24 or pursuant to a
1693 judgment of loss mitigation under section 49-30t or 49-30u;
- 1694 (10) [deeds] Deeds, when the consideration for the interest or
1695 property conveyed is less than two thousand dollars;
- 1696 (11) [deeds] Deeds between affiliated corporations, provided both of
1697 such corporations are exempt from taxation pursuant to paragraph (2),
1698 (3) or (25) of Section 501(c) of the Internal Revenue Code of 1986, or
1699 any subsequent corresponding internal revenue code of the United
1700 States, as amended from time to time; [amended;]
- 1701 (12) [deeds] Deeds made by a corporation which is exempt from
1702 taxation pursuant to paragraph (3) of Section 501(c) of the Internal
1703 Revenue Code of 1986, or any subsequent corresponding internal
1704 revenue code of the United States, as amended from time to time,
1705 [amended,] to any corporation which is exempt from taxation
1706 pursuant to said paragraph (3) of said Section 501(c);

1707 (13) [deeds] Deeds made to any nonprofit organization which is
1708 organized for the purpose of holding undeveloped land in trust for
1709 conservation or recreation purposes;

1710 (14) [deeds] Deeds between spouses;

1711 (15) [deeds] Deeds of property for the Adriaen's Landing site or the
1712 stadium facility site, for purposes of the overall project, each as defined
1713 in section 32-651;

1714 (16) [land] Land transfers made on or after July 1, 1998, to a water
1715 company, as defined in section 16-1, provided the land is classified as
1716 class I or class II land, as defined in section 25-37c, after such transfer;

1717 (17) [transfers] Transfers or conveyances to effectuate a mere change
1718 of identity or form of ownership or organization, where there is no
1719 change in beneficial ownership;

1720 (18) [conveyances] Conveyances of residential property which occur
1721 not later than six months after the date on which the property was
1722 previously conveyed to the transferor if the transferor is (A) an
1723 employer which acquired the property from an employee pursuant to
1724 an employee relocation plan, or (B) an entity in the business of
1725 purchasing and selling residential property of employees who are
1726 being relocated pursuant to such a plan;

1727 (19) [deeds] Deeds in lieu of foreclosure that transfer the transferor's
1728 principal residence; [and]

1729 (20) [any] Any instrument [transferring a] that transfers the
1730 transferor's principal residence where the gross purchase price is
1731 insufficient to pay the sum of (A) mortgages encumbering the property
1732 transferred, and (B) any real property taxes and municipal utility or
1733 other charges for which the municipality may place a lien on the
1734 property and which have priority over the mortgages encumbering the
1735 property transferred; [.] and

1736 (21) Deeds that transfer the transferor's principal residence, where
1737 such residence has a concrete foundation that has deteriorated due to
1738 the presence of pyrrhotite and such transferor has obtained a written
1739 evaluation from a professional engineer licensed pursuant to chapter
1740 391 indicating that the foundation of such residence was made with
1741 defective concrete. The exemption authorized under this subdivision
1742 shall (A) apply to the first transfer of such residence after such written
1743 evaluation has been obtained, and (B) not be available to a transferor
1744 who has received financial assistance to repair or replace such
1745 foundation from the Crumbling Foundations Assistance Fund
1746 established under section 8-441.

1747 (b) The tax imposed by subdivision (1) of subsection (a) of section
1748 12-494 shall not apply to:

1749 (1) [deeds] Deeds of the principal residence of any person approved
1750 for assistance under section 12-129b or 12-170aa for the current
1751 assessment year of the municipality in which such person resides or to
1752 any such transfer which occurs within fifteen months of the
1753 completion of any municipal assessment year for which such person
1754 qualified for such assistance;

1755 (2) [deeds] Deeds of property located in an area designated as an
1756 enterprise zone in accordance with section 32-70; and

1757 (3) [deeds] Deeds of property located in an entertainment district
1758 designated under section 32-76 or established under section 2 of public
1759 act 93-311.

1760 Sec. 22. Subsection (b) of section 12-284b of the general statutes is
1761 repealed and the following is substituted in lieu thereof (*Effective from*
1762 *passage and applicable to taxable years commencing on or after January 1,*
1763 *2019*):

1764 (b) Each limited liability company, limited liability partnership,
1765 limited partnership and S corporation shall be liable for the tax
1766 imposed by this section for each taxable year or portion thereof that

1767 such company, partnership or corporation is an affected business
1768 entity. For taxable years commencing prior to January 1, 2013, each
1769 affected business entity shall annually, on or before the fifteenth day of
1770 the fourth month following the close of its taxable year, pay to the
1771 Commissioner of Revenue Services a tax in the amount of two
1772 hundred fifty dollars. For taxable years commencing on or after
1773 January 1, 2013, but prior to January 1, 2019, each affected business
1774 entity shall, on or before the fifteenth day of the fourth month
1775 following the close of every other taxable year, pay to the
1776 Commissioner of Revenue Services a tax in the amount of two
1777 hundred fifty dollars.

1778 Sec. 23. Subdivision (2) of subsection (e) of section 12-217jj of the
1779 general statutes is repealed and the following is substituted in lieu
1780 thereof (*Effective from passage and applicable to taxable years commencing*
1781 *on or after January 1, 2019*):

1782 (2) Notwithstanding the provisions of subdivision (1) of this
1783 subsection, any entity that is not subject to tax under this chapter or
1784 chapter 207 shall not be subject to the limitations on the transfer of
1785 credits provided in subparagraphs (B) and (C) of said subdivision (1),
1786 provided such entity owns not less than fifty per cent, directly or
1787 indirectly, of a business entity, [subject to tax under] as defined in
1788 section 12-284b, as amended by this act.

1789 Sec. 24. Subdivision (1) of subsection (a) of section 12-219 of the
1790 general statutes is repealed and the following is substituted in lieu
1791 thereof (*Effective from passage*):

1792 (a) (1) Each company subject to the provisions of this part shall pay
1793 for the privilege of carrying on or doing business within the state, the
1794 larger of the tax, if any, imposed by section 12-214, as amended by this
1795 act, and the tax calculated under this subsection. The tax calculated
1796 under this section shall be a tax of (A) three and one-tenth mills per
1797 dollar for [each income year] income years commencing prior to
1798 January 1, 2020, (B) two and six-tenths mills per dollar for the income

1799 year commencing on or after January 1, 2020, and prior to January 1,
1800 2021, (C) two and one-tenth mills per dollar for the income year
1801 commencing on or after January 1, 2021, and prior to January 1, 2022,
1802 (D) one and one-tenth mills per dollar for the income year
1803 commencing on or after January 1, 2022, and prior to January 1, 2023,
1804 and (E) zero mills per dollar for income years commencing on or after
1805 January 1, 2023, of the amount derived [(A)] (i) by adding [(i)] (I) the
1806 average value of the issued and outstanding capital stock, including
1807 treasury stock at par or face value, fractional shares, scrip certificates
1808 convertible into shares of stock and amounts received on subscriptions
1809 to capital stock, computed on the balances at the beginning and end of
1810 the taxable year or period, the average value of surplus and undivided
1811 profit computed on the balances at the beginning and end of the
1812 taxable year or period, and [(ii)] (II) the average value of all surplus
1813 reserves computed on the balances at the beginning and end of the
1814 taxable year or period, [(B)] (ii) by subtracting from the sum so
1815 calculated [(i)] (I) the average value of any deficit carried on the
1816 balance sheet computed on the balances at the beginning and end of
1817 the taxable year or period, and [(ii)] (II) the average value of any
1818 holdings of stock of private corporations including treasury stock
1819 shown on the balance sheet computed on the balances at the beginning
1820 and end of the taxable year or period, and [(C)] (iii) by apportioning
1821 the remainder so derived between this and other states under the
1822 provisions of section 12-219a, provided in no event shall the tax so
1823 calculated exceed one million dollars or be less than two hundred fifty
1824 dollars.

1825 Sec. 25. Subdivision (8) of subsection (b) of section 12-214 of the
1826 general statutes is repealed and the following is substituted in lieu
1827 thereof (*Effective from passage and applicable to income years commencing*
1828 *on or after January 1, 2019*):

1829 (8) (A) With respect to income years commencing on or after
1830 January 1, 2018, and prior to January 1, [2019] 2021, any company
1831 subject to the tax imposed in accordance with subsection (a) of this

1832 section shall pay, for such income year, except when the tax so
1833 calculated is equal to two hundred fifty dollars, an additional tax in an
1834 amount equal to ten per cent of the tax calculated under said
1835 subsection (a) for such income year, without reduction of the tax so
1836 calculated by the amount of any credit against such tax. The additional
1837 amount of tax determined under this subsection for any income year
1838 shall constitute a part of the tax imposed by the provisions of said
1839 subsection (a) and shall become due and be paid, collected and
1840 enforced as provided in this chapter.

1841 (B) Any company whose gross income for the income year was less
1842 than one hundred million dollars shall not be subject to the additional
1843 tax imposed under subparagraph (A) of this subdivision. This
1844 exception shall not apply to taxable members of a combined group that
1845 files a combined unitary tax return.

1846 Sec. 26. Section 12-214 of the general statutes is amended by adding
1847 subsection (d) as follows (*Effective from passage*):

1848 (NEW) (d) The provisions of section 12-242d shall not apply to any
1849 additional tax due as a result of the change made to subparagraph (A)
1850 of subdivision (8) of subsection (b) of this section pursuant to section
1851 25 of this act for any income year commencing prior to the effective
1852 date of section 25 of this act.

1853 Sec. 27. Subdivision (8) of subsection (b) of section 12-219 of the
1854 general statutes is repealed and the following is substituted in lieu
1855 thereof (*Effective from passage and applicable to income years commencing*
1856 *on or after January 1, 2019*):

1857 (8) (A) With respect to income years commencing on or after
1858 January 1, 2018, and prior to January 1, [2019] 2021, the additional tax
1859 imposed on any company and calculated in accordance with
1860 subsection (a) of this section shall, for such income year, except when
1861 the tax so calculated is equal to two hundred fifty dollars, be increased
1862 by adding thereto an amount equal to ten per cent of the additional tax

1863 so calculated for such income year, without reduction of the tax so
1864 calculated by the amount of any credit against such tax. The increased
1865 amount of tax payable by any company under this section, as
1866 determined in accordance with this subsection, shall become due and
1867 be paid, collected and enforced as provided in this chapter.

1868 (B) Any company whose gross income for the income year was less
1869 than one hundred million dollars shall not be subject to the additional
1870 tax imposed under subparagraph (A) of this subdivision. This
1871 exception shall not apply to taxable members of a combined group that
1872 files a combined unitary tax return.

1873 Sec. 28. Section 12-219 of the general statutes is amended by adding
1874 subsection (f) as follows (*Effective from passage*):

1875 (NEW) (f) The provisions of section 12-242d shall not apply to any
1876 additional tax due as a result of the change made to subparagraph (A)
1877 of subdivision (8) of subsection (b) of this section pursuant to section
1878 27 of this act for any income year commencing prior to the effective
1879 date of section 27 of this act.

1880 Sec. 29. Subdivision (1) of subsection (k) of section 12-218e of the
1881 general statutes is repealed and the following is substituted in lieu
1882 thereof (*Effective from passage, and applicable to income years commencing*
1883 *on or after January 1, 2019*):

1884 (k) (1) In the case of a combined group whose unitary business is
1885 primarily engaged in manufacturing, in no event shall the tax
1886 calculated for a combined group on a combined unitary basis, prior to
1887 surtax and application of credits, exceed the nexus combined base tax
1888 described in subdivision (2) of this subsection by more than two
1889 million five hundred thousand dollars.

1890 Sec. 30. Subsection (a) of section 34-38n of the general statutes is
1891 repealed and the following is substituted in lieu thereof (*Effective July*
1892 *1, 2019*):

1893 (a) The Secretary of the State shall receive, for filing any document
1894 or certificate required to be filed under sections 34-10, 34-13a, 34-13e,
1895 34-32, 34-32a, 34-32c, 34-38g and 34-38s, the following fees: (1) For
1896 reservation or cancellation of reservation of name, sixty dollars; (2) for
1897 a certificate of limited partnership and appointment of statutory agent,
1898 one hundred twenty dollars; (3) for a certificate of amendment, one
1899 hundred twenty dollars; (4) for a certificate of merger or consolidation,
1900 sixty dollars; (5) for a certificate of registration, one hundred twenty
1901 dollars; (6) for a change of agent or change of address of agent, twenty
1902 dollars; (7) for a certificate of reinstatement, one hundred twenty
1903 dollars; and (8) for an annual report, [twenty] eighty dollars.

1904 Sec. 31. Subsection (a) of section 34-243u of the general statutes is
1905 repealed and the following is substituted in lieu thereof (*Effective July*
1906 *1, 2019*):

1907 (a) Fees for filing documents and issuing certificates: (1) Filing an
1908 application to reserve a limited liability company name or to cancel a
1909 reserved limited liability company name, sixty dollars; (2) filing a
1910 transfer of reserved limited liability company name, sixty dollars; (3)
1911 filing a certificate of organization, including appointment of registered
1912 agent, one hundred twenty dollars; (4) filing a change of address of
1913 agent certificate or change of agent certificate, fifty dollars; (5) filing a
1914 notice of resignation of registered agent, fifty dollars; (6) filing an
1915 amendment to certificate of organization, one hundred twenty dollars;
1916 (7) filing a restated certificate of organization, one hundred twenty
1917 dollars; (8) filing a certificate of merger, sixty dollars; (9) filing a
1918 certificate of interest exchange, sixty dollars; (10) filing a certificate of
1919 abandonment, fifty dollars; (11) filing a certificate of reinstatement, one
1920 hundred twenty dollars; (12) filing a foreign registration certificate by a
1921 foreign limited liability company to transact business in this state, one
1922 hundred twenty dollars; (13) filing an application of foreign limited
1923 liability company for amended foreign registration certificate, one
1924 hundred twenty dollars; (14) filing a certificate of withdrawal of
1925 registration under section 34-275h, one hundred twenty dollars; (15)

1926 filing an annual report, [twenty] eighty dollars; (16) filing an interim
1927 notice of change of manager or member, twenty dollars; (17) filing a
1928 registration of name or a renewal of registration of name, sixty dollars;
1929 (18) filing a statement of correction, one hundred dollars; and (19)
1930 filing a transfer of registration, sixty dollars plus the qualification fee.

1931 Sec. 32. Subsection (a) of section 34-413 of the general statutes is
1932 repealed and the following is substituted in lieu thereof (*Effective July*
1933 *1, 2019*):

1934 (a) Fees for filing documents and processing certificates: (1) Filing
1935 application to reserve a registered limited liability partnership name or
1936 to cancel a reserved limited liability partnership name, sixty dollars; (2)
1937 filing transfer of reserved registered limited liability partnership name,
1938 sixty dollars; (3) filing change of address of statutory agent or change
1939 of statutory agent, fifty dollars; (4) filing certificate of limited liability
1940 partnership, one hundred twenty dollars; (5) filing amendment to
1941 certificate of limited liability partnership, one hundred twenty dollars;
1942 (6) filing certificate of authority to transact business in this state,
1943 including appointment of statutory agent, one hundred twenty dollars;
1944 (7) filing amendment to certificate of authority to transact business in
1945 this state, one hundred twenty dollars; (8) filing an annual report,
1946 [twenty] eighty dollars; (9) filing statement of merger, sixty dollars;
1947 and (10) filing certificate of reinstatement, one hundred twenty dollars.

1948 Sec. 33. Section 12-704d of the general statutes is repealed and the
1949 following is substituted in lieu thereof (*Effective July 1, 2019, and*
1950 *applicable to income and taxable years commencing on or after January 1,*
1951 *2019*):

1952 (a) As used in this section:

1953 (1) "Angel investor" means an accredited investor, as defined by the
1954 Securities and Exchange Commission, or network of accredited
1955 investors who review new or proposed businesses for potential
1956 investment and who may seek active involvement, such as consulting

1957 and mentoring, in a Connecticut business, but "angel investor" does
1958 not include (A) a person controlling fifty per cent or more of the
1959 Connecticut business invested in by the angel investor, (B) a venture
1960 capital company, or (C) any bank, bank and trust company, insurance
1961 company, trust company, national bank, savings association or
1962 building and loan association for activities that are a part of its normal
1963 course of business;

1964 (2) "Cash investment" means the contribution of cash, at a risk of
1965 loss, to a qualified Connecticut business in exchange for qualified
1966 securities;

1967 (3) "Connecticut business" means any business with its principal
1968 place of business in Connecticut;

1969 (4) "Bioscience" means manufacturing pharmaceuticals, medicines,
1970 medical equipment or medical devices and analytical laboratory
1971 instruments, operating medical or diagnostic testing laboratories, or
1972 conducting pure research and development in life sciences;

1973 (5) "Advanced materials" means developing, formulating or
1974 manufacturing advanced alloys, coatings, lubricants, refrigerants,
1975 surfactants, emulsifiers or substrates;

1976 (6) "Photonics" means generation, emission, transmission,
1977 modulation, signal processing, switching, amplification, detection and
1978 sensing of light from ultraviolet to infrared and the manufacture,
1979 research or development of opto-electronic devices, including, but not
1980 limited to, lasers, masers, fiber optic devices, quantum devices,
1981 holographic devices and related technologies;

1982 (7) "Information technology" means software publishing, motion
1983 picture and video production, teleproduction and postproduction
1984 services, telecommunications, data processing, hosting and related
1985 services, custom computer programming services, computer system
1986 design, computer facilities management services, other computer
1987 related services and computer training;

1988 (8) "Clean technology" means the production, manufacture, design,
1989 research or development of clean energy, green buildings, smart grid,
1990 high-efficiency transportation vehicles and alternative fuels,
1991 environmental products, environmental remediation and pollution
1992 prevention;

1993 (9) "Qualified securities" means any form of equity, including a
1994 general or limited partnership interest, common stock, preferred stock,
1995 with or without voting rights, without regard to seniority position that
1996 must be convertible into common stock; and

1997 (10) "Emerging technology business" means any business that is
1998 engaged in bioscience, advanced materials, photonics, information
1999 technology, clean technology or any other emerging technology as
2000 determined by the Commissioner of Economic and Community
2001 Development.

2002 (b) There shall be allowed a credit against the tax imposed under
2003 this chapter, other than the liability imposed by section 12-707, for a
2004 cash investment of not less than twenty-five thousand dollars in the
2005 qualified securities of a Connecticut business by an angel investor. The
2006 credit shall be in an amount equal to twenty-five per cent of such
2007 investor's cash investment, provided the total tax credits allowed to
2008 any angel investor shall not exceed [two hundred fifty] five hundred
2009 thousand dollars. The credit shall be claimed in the taxable year in
2010 which such cash investment is made by the angel investor. The credit
2011 may be sold, assigned or otherwise transferred, in whole or in part.

2012 (c) To qualify for a tax credit pursuant to this section, a cash
2013 investment shall be in a Connecticut business that (1) has been
2014 approved as a qualified Connecticut business pursuant to subsection
2015 (d) of this section; (2) had annual gross revenues of less than one
2016 million dollars in the most recent income year of such business; (3) has
2017 fewer than twenty-five employees, not less than seventy-five per cent
2018 of whom reside in this state; (4) has been operating in this state for less
2019 than seven consecutive years; (5) is primarily owned by the

2020 management of the business and their families; and (6) received less
2021 than two million dollars in cash investments eligible for the tax credits
2022 provided by this section.

2023 (d) (1) A Connecticut business may apply to Connecticut
2024 Innovations, Incorporated, for approval as a Connecticut business
2025 qualified to receive cash investments eligible for a tax credit pursuant
2026 to this section. The application shall include (A) the name of the
2027 business and a copy of the organizational documents of such business,
2028 (B) a business plan, including a description of the business and the
2029 management, product, market and financial plan of the business, (C) a
2030 description of the business's innovative technology, product or service,
2031 (D) a statement of the potential economic impact of the business,
2032 including the number, location and types of jobs expected to be
2033 created, (E) a description of the qualified securities to be issued and the
2034 amount of cash investment sought by the qualified Connecticut
2035 business, (F) a statement of the amount, timing and projected use of
2036 the proceeds to be raised from the proposed sale of qualified securities,
2037 and (G) such other information as the chief executive officer of
2038 Connecticut Innovations, Incorporated, may require.

2039 (2) Said chief executive officer shall, on a monthly basis, compile a
2040 list of approved applications, categorized by the cash investments
2041 being sought by the qualified Connecticut business and type of
2042 qualified securities offered.

2043 (e) (1) Any angel investor that intends to make a cash investment in
2044 a business on such list may apply to Connecticut Innovations,
2045 Incorporated, to reserve a tax credit in the amount indicated by such
2046 investor. The aggregate amount of all tax credits under this section that
2047 may be reserved by Connecticut Innovations, Incorporated, shall not
2048 exceed six million dollars annually for the fiscal years commencing
2049 July 1, 2010, to July 1, 2012, inclusive, and shall not exceed [three] five
2050 million dollars in each fiscal year thereafter. Each fiscal year,
2051 Connecticut Innovations, Incorporated, shall not reserve more than
2052 seventy-five per cent of the tax credits available under this section for

2053 investments in emerging technology businesses, except if any credits
2054 remain available for reservation after April first in any fiscal year, such
2055 remaining credits may be reserved for investments in such businesses,
2056 and may be prioritized for veteran-owned, women-owned or minority-
2057 owned businesses and businesses owned by individuals with
2058 disabilities. Connecticut Innovations, Incorporated, shall not reserve
2059 tax credits under this section for any investment made on or after July
2060 1, [2019] 2024.

2061 (2) The amount of the credit allowed to any investor pursuant to this
2062 section shall not exceed the amount of tax due from such investor
2063 under this chapter, other than section 12-707, with respect to such
2064 taxable year. Any tax credit that is claimed by the angel investor but
2065 not applied against the tax due under this chapter, other than the
2066 liability imposed under section 12-707, may be carried forward for the
2067 five immediately succeeding taxable years until the full credit has been
2068 applied.

2069 (f) If the angel investor is an S corporation or an entity treated as a
2070 partnership for federal income tax purposes, the tax credit may be
2071 claimed by the shareholders or partners of the angel investor. If the
2072 angel investor is a single member limited liability company that is
2073 disregarded as an entity separate from its owner, the tax credit may be
2074 claimed by such limited liability company's owner, provided such
2075 owner is a person subject to the tax imposed under this chapter.

2076 (g) A review of the cumulative effectiveness of the credit under this
2077 section shall be conducted by Connecticut Innovations, Incorporated,
2078 by July 1, 2014, and by July first annually thereafter. Such review shall
2079 include, but need not be limited to, the number and type of
2080 Connecticut businesses that received angel investments, the number of
2081 angel investors and the aggregate amount of cash investments, the
2082 current status of each Connecticut business that received angel
2083 investments, the number of employees employed in each year
2084 following the year in which such Connecticut business received the
2085 angel investment, and the economic impact in the state, of the

2086 Connecticut business that received the angel investment. Such review
2087 shall be submitted to the Office of Policy and Management and to the
2088 joint standing committee of the General Assembly having cognizance
2089 of matters relating to commerce, in accordance with the provisions of
2090 section 11-4a.

2091 Sec. 34. Subsection (a) of section 12-217zz of the general statutes is
2092 repealed and the following is substituted in lieu thereof (*Effective from*
2093 *passage and applicable to income years commencing on or after January 1,*
2094 *2019*):

2095 (a) Notwithstanding any other provision of law, and except as
2096 otherwise provided in subsection (b) of this section and sections 12-
2097 217aaa and 12-217bbb, the amount of tax credit or credits otherwise
2098 allowable against the tax imposed under this chapter shall be as
2099 follows:

2100 (1) For any income year commencing on or after January 1, 2002,
2101 and prior to January 1, 2015, the amount of tax credit or credits
2102 otherwise allowable shall not exceed seventy per cent of the amount of
2103 tax due from such taxpayer under this chapter with respect to any such
2104 income year of the taxpayer prior to the application of such credit or
2105 credits;

2106 (2) For any income year commencing on or after January 1, 2015, the
2107 amount of tax credit or credits otherwise allowable shall not exceed
2108 fifty and one one-hundredths per cent of the amount of tax due from
2109 such taxpayer under this chapter with respect to any such income year
2110 of the taxpayer prior to the application of such credit or credits;

2111 (3) Notwithstanding the provisions of subdivision (2) of this
2112 subsection, any taxpayer that possesses excess credits may utilize the
2113 excess credits as follows:

2114 (A) For income years commencing on or after January 1, 2016, and
2115 prior to January 1, 2017, the aggregate amount of tax credits and excess
2116 credits allowable shall not exceed fifty-five per cent of the amount of

2117 tax due from such taxpayer under this chapter with respect to any such
2118 income year of the taxpayer prior to the application of such credit or
2119 credits;

2120 (B) For income years commencing on or after January 1, 2017, and
2121 prior to January 1, 2018, the aggregate amount of tax credits and excess
2122 credits allowable shall not exceed sixty per cent of the amount of tax
2123 due from such taxpayer under this chapter with respect to any such
2124 income year of the taxpayer prior to the application of such credit or
2125 credits; and

2126 (C) For income years commencing on or after January 1, 2018, and
2127 prior to January 1, 2019, the aggregate amount of tax credits and excess
2128 credits allowable shall not exceed sixty-five per cent of the amount of
2129 tax due from such taxpayer under this chapter with respect to any such
2130 income year of the taxpayer prior to the application of such credit or
2131 credits;

2132 [(D) For income years commencing on or after January 1, 2019, the
2133 aggregate amount of tax credits and excess credits allowable shall not
2134 exceed seventy per cent of the amount of tax due from such taxpayer
2135 under this chapter with respect to any such income year of the
2136 taxpayer prior to the application of such credit or credits;]

2137 (4) For purposes of this subsection, "excess credits" means any
2138 remaining credits available under section 12-217j, 12-217n or 32-9t after
2139 tax credits are utilized in accordance with subdivision (2) of this
2140 subsection.

2141 Sec. 35. (NEW) (*Effective from passage and applicable to quarterly periods*
2142 *commencing on or after July 1, 2019*) Notwithstanding any provision of
2143 the general statutes allowing for a higher amount, for any quarterly
2144 periods commencing on or after July 1, 2019, the amount of the tax
2145 credit or credits allowable against the tax imposed under chapter 212
2146 of the general statutes shall not exceed fifty and one one-hundredths
2147 per cent of the amount of tax due from a taxpayer under such chapter

2148 with respect to any such quarterly period of the taxpayer prior to the
2149 application of such credit or credits.

2150 Sec. 36. Subsection (a) of section 12-264 of the general statutes is
2151 repealed and the following is substituted in lieu thereof (*Effective July*
2152 *1, 2019*):

2153 (a) Each (1) municipality, or department or agency thereof, or
2154 district manufacturing, selling or distributing gas to be used for light,
2155 heat or power, (2) company the principal business of which is
2156 manufacturing, selling or distributing gas or steam to be used for light,
2157 heat or power, including each foreign electric company, as defined in
2158 section 16-246f, that holds property in this state, and (3) company
2159 required to register pursuant to section 16-258a, shall pay a quarterly
2160 tax upon gross earnings from such operations in this state. Gross
2161 earnings from such operations under subdivisions (1) and (2) of this
2162 subsection shall include, as determined by the Commissioner of
2163 Revenue Services, (A) all income included in operating revenue
2164 accounts in the uniform systems of accounts prescribed by the Public
2165 Utilities Regulatory Authority for operations within the taxable
2166 quarter and, with respect to each such company, (B) all income
2167 identified in said uniform systems of accounts as income from
2168 merchandising, jobbing and contract work, (C) all revenues identified
2169 in said uniform systems of accounts as income from nonutility
2170 operations, (D) all revenues identified in said uniform systems of
2171 accounts as nonoperating retail income, and (E) receipts from the sale
2172 of residuals and other by-products obtained in connection with the
2173 production of gas, electricity or steam. Gross earnings from such
2174 operations under subdivision (3) of this subsection shall be gross
2175 income from the sales of natural gas, [provided gross income shall not
2176 include income from the sale of natural gas to an existing combined
2177 cycle facility comprised of three gas turbines providing electric
2178 generation services, as defined in section 16-1, with a total capacity of
2179 seven hundred seventy-five megawatts, for use in the production of
2180 electricity.] Gross earnings of a gas company, as defined in section 16-

2181 1, shall not include income earned in a taxable quarter commencing
2182 prior to June 30, 2008, from the sale of natural gas or propane as a fuel
2183 for a motor vehicle. No deductions shall be allowed from such gross
2184 earnings for any commission, rebate or other payment, except a refund
2185 resulting from an error or overcharge and those specifically mentioned
2186 in section 12-265. Gross earnings of a company, as described in
2187 subdivision (2) of this subsection, shall not include income earned in
2188 any taxable quarter commencing on or after July 1, 2000, from the sale
2189 of steam.

2190 Sec. 37. Subsection (b) of section 12-326a of the general statutes is
2191 repealed and the following is substituted in lieu thereof (*Effective July*
2192 *1, 2019*):

2193 (b) In the absence of the filing with the Commissioner of Revenue
2194 Services of satisfactory proof of a lesser or higher cost of doing
2195 business, such cost shall be presumed to be (1) in the case of a
2196 stamping agent who is selling cigarettes to subjobbers and chain stores,
2197 (A) seven-eighths of one per cent of the basic cost of cigarettes to such
2198 stamping agent plus (B) the cost of cartage to such subjobbers and
2199 chain stores, if performed or paid for by such stamping agent, which,
2200 absent satisfactory proof to the contrary shall be presumed to be three-
2201 fourths of one per cent of the basic cost of cigarettes to such stamping
2202 agent; [or] (2) in the case of a stamping agent who is selling cigarettes
2203 to dealers, (A) five and three-fourths per cent of the basic cost of
2204 cigarettes to such stamping agent plus (B) the cost of cartage to such
2205 dealers, if performed or paid for by such stamping agent, which,
2206 absent satisfactory proof to the contrary shall be presumed to be three-
2207 fourths of one per cent of the basic cost of cigarettes to such stamping
2208 agent; (3) in the case of a subjobber who is selling cigarettes to dealers,
2209 (A) four and seven-eighths per cent of the basic cost of cigarettes to the
2210 stamping agent plus (B) the cost of cartage to such dealers, if
2211 performed or paid for by such subjobber, which, absent satisfactory
2212 proof to the contrary shall be presumed to be three-fourths of one per
2213 cent of the basic cost of cigarettes to the stamping agent; (4) in the case

2214 of a dealer, [eight] eighteen per cent of the sum of (A) the basic cost of
2215 cigarettes to the stamping agent plus (B) the cost of doing business by
2216 the stamping agent with respect to cigarettes sold to dealers; and (5) in
2217 the case of sales at retail by a stamping agent, subjobber or chain store,
2218 the cost to the stamping agent, subjobber or chain store, as the case
2219 may be, shall be the same as the cost to the dealer.

2220 Sec. 38. (NEW) (*Effective October 1, 2019, and applicable to sales*
2221 *occurring on or after October 1, 2019*) (a) As used in this section:

2222 (1) "Electronic nicotine delivery system" has the same meaning as
2223 provided in section 19a-342a of the general statutes;

2224 (2) "Liquid nicotine container" has the same meaning as provided in
2225 section 19a-342a of the general statutes;

2226 (3) "Vapor product" has the same meaning as provided in section
2227 19a-342a of the general statutes;

2228 (4) "Electronic cigarette liquid" means a liquid that, when used in an
2229 electronic nicotine delivery system or a vapor product, produces a
2230 vapor that may or may not include nicotine and is inhaled by the user
2231 of such electronic nicotine delivery system or vapor product;

2232 (5) "Electronic cigarette products" means electronic nicotine delivery
2233 systems, liquid nicotine containers, vapor products and electronic
2234 cigarette liquids;

2235 (6) "Electronic cigarette wholesaler" means (A) any person engaged
2236 in the business of selling electronic cigarette products at wholesale in
2237 the state, (B) any person in this state who purchases electronic cigarette
2238 products at wholesale from a manufacturer, or (C) any dealer, retailer
2239 or other person that otherwise imports, or causes another person to
2240 import, untaxed electronic cigarette products into this state;

2241 (7) "Wholesale sales price" means the price of electronic cigarette
2242 products or, if no price has been set, the wholesale value of such

2243 products; and

2244 (8) "Sale" means any transfer of title or possession or both, exchange,
2245 barter, distribution or gift, of electronic cigarette products, with or
2246 without consideration.

2247 (b) For each calendar month commencing on or after October 1,
2248 2019, a tax is imposed on all sales of electronic cigarette products made
2249 in this state by electronic cigarette wholesalers at the rate of fifty per
2250 cent of the wholesale sales price of such products, whether or not sold
2251 at wholesale, or if not sold, then at the same rate upon the use by the
2252 wholesaler. Only one sale of the same product shall be used in
2253 computing the amount of tax due under this subsection.

2254 (c) Each electronic cigarette wholesaler shall file with the
2255 Commissioner of Revenue Services, on or before the last day of each
2256 month, a report for the calendar month immediately preceding in such
2257 form and containing such information as the commissioner may
2258 prescribe. The return shall be accompanied by a payment of the
2259 amount of the tax shown to be due thereon. Each electronic cigarette
2260 wholesaler shall file such return electronically with the Department of
2261 Revenue Services and make such payment by electronic funds transfer
2262 in the manner provided by chapter 228g of the general statutes.

2263 (d) If any person fails to pay the amount of tax reported due on its
2264 report within the time specified under this section, there shall be
2265 imposed a penalty equal to ten per cent of such amount due and
2266 unpaid, or fifty dollars, whichever is greater. Such amount shall bear
2267 interest at the rate of one per cent per month or fraction thereof, from
2268 the due date of such tax until the date of payment. Subject to the
2269 provisions of section 12-3a of the general statutes, the commissioner
2270 may waive all or part of the penalties provided under this section
2271 when it is proven to the commissioner's satisfaction that the failure to
2272 pay any tax was due to reasonable cause and was not intentional or
2273 due to neglect.

2274 (e) Each person, other than an electronic cigarette wholesaler, who is
2275 required, on behalf of an electronic cigarette wholesaler, to collect,
2276 truthfully account for and pay over the tax imposed on such electronic
2277 cigarette wholesaler under this section and who wilfully fails to collect,
2278 truthfully account for and pay over such tax or who wilfully attempts
2279 in any manner to evade or defeat the tax or the payment thereof, shall,
2280 in addition to other penalties provided by law, be liable for a penalty
2281 equal to the total amount of the tax evaded, or not collected, or not
2282 accounted for and paid over, including any penalty or interest
2283 attributable to such wilful failure to collect or truthfully account for
2284 and pay over such tax or such wilful attempt to evade or defeat such
2285 tax, provided such penalty shall only be imposed against such person
2286 in the event that such tax, penalty or interest cannot otherwise be
2287 collected from the electronic cigarette wholesaler. The amount of such
2288 penalty with respect to which a person may be personally liable under
2289 this section shall be collected in accordance with the provisions of
2290 section 12-555a of the general statutes and any amount so collected
2291 shall be allowed as a credit against the amount of such tax, penalty or
2292 interest due and owing from the electronic cigarette wholesaler. The
2293 dissolution of the electronic cigarette wholesaler shall not discharge
2294 any person in relation to any personal liability under this section for
2295 wilful failure to collect or truthfully account for and pay over such tax
2296 or for a wilful attempt to evade or defeat such tax prior to dissolution,
2297 except as otherwise provided in this section. For purposes of this
2298 section, "person" includes any individual, corporation, limited liability
2299 company or partnership and any officer or employee of any
2300 corporation, including a dissolved corporation, and a member or
2301 employee of any partnership or limited liability company who, as such
2302 officer, employee or member, is under a duty to file a tax return under
2303 this section on behalf of an electronic cigarette wholesaler or to collect
2304 or truthfully account for and pay over the tax imposed under this
2305 section on behalf of an electronic cigarette wholesaler.

2306 (f) No tax credit or credits shall be allowable against the tax
2307 imposed under this section.

2308 (g) The provisions of sections 12-550 to 12-554, inclusive, and section
2309 12-555a of the general statutes shall apply to the provisions of this
2310 section in the same manner and with the same force and effect as if the
2311 language of said sections had been incorporated in full into this section
2312 and had expressly referred to the tax under this section, except to the
2313 extent that any provision is inconsistent with a provision in this
2314 section.

2315 (h) The commissioner may adopt regulations, in accordance with
2316 the provisions of chapter 54 of the general statutes, to implement the
2317 provisions of this section.

2318 (i) At the close of each fiscal year commencing with the fiscal year
2319 ending June 30, 2020, the Comptroller is authorized to record as
2320 revenue for such fiscal year the amount of the tax imposed under the
2321 provisions of this section that is received by the commissioner not later
2322 than five business days from the last day of July immediately
2323 following the end of such fiscal year.

2324 Sec. 39. Section 12-435 of the general statutes is repealed and the
2325 following is substituted in lieu thereof (*Effective July 1, 2019, and*
2326 *applicable to sales occurring on or after July 1, 2019*):

2327 Each distributor of alcoholic beverages shall pay a tax to the state on
2328 all sales within the state of alcoholic beverages, except sales to licensed
2329 distributors, sales of alcoholic beverages [which] that, in the course of
2330 such sales, are actually transported to some point without the state and
2331 except [malt beverages which are] beer that is consumed on the
2332 premises covered by a manufacturer's permit, at the rates for the
2333 respective categories of alcoholic beverages listed below:

2334 [(a)] (1) Beer, except as provided in subdivision (2) of this section,
2335 seven dollars and [twenty] ninety-two cents for each barrel, three
2336 dollars and [sixty] ninety-six cents for each half barrel, one dollar and
2337 [eighty] ninety-eight cents for each quarter barrel and [twenty-four]
2338 twenty-six cents per wine gallon or fraction thereof on quantities less

2339 than a quarter barrel;

2340 (2) Beer sold on the premises covered by a manufacturer's permit for
2341 off-premises consumption, three dollars and ninety-six cents for each
2342 barrel, one dollar and ninety-eight cents for each half barrel, ninety-
2343 nine cents for each quarter barrel and thirteen cents per wine gallon or
2344 fraction thereof on quantities less than a quarter barrel;

2345 [(b)] (3) Liquor, five dollars and [forty] ninety-four cents per wine
2346 gallon;

2347 [(c)] (4) Still wines containing not more than twenty-one per cent of
2348 absolute alcohol, except as provided in [subsections (g) and (h)]
2349 subdivisions (8) and (9) of this section, [seventy-two] seventy-nine
2350 cents per wine gallon;

2351 [(d)] (5) Still wines containing more than twenty-one per cent of
2352 absolute alcohol and sparkling wines, one dollar and [eighty] ninety-
2353 eight cents per wine gallon;

2354 [(e)] (6) Alcohol in excess of 100 proof, five dollars and [forty]
2355 ninety-four cents per proof gallon;

2356 [(f)] (7) Liquor coolers containing not more than seven per cent of
2357 alcohol by volume, two dollars and [forty-six] seventy-one cents per
2358 wine gallon;

2359 [(g)] (8) Still wine containing not more than twenty-one per cent of
2360 absolute alcohol, produced by a person who produces not more than
2361 fifty-five thousand wine gallons of wine during the calendar year,
2362 [eighteen] twenty cents per wine gallon, provided such person
2363 presents to each distributor of alcoholic beverages described in this
2364 section a certificate, issued by the commissioner, stating that such
2365 person produces not more than fifty-five thousand wine gallons of
2366 wine during the calendar year. The commissioner is authorized to
2367 issue such certificates, prescribe the procedures for obtaining such
2368 certificates and prescribe their form; and

2369 [(h)] (9) Cider containing not more than seven per cent of absolute
2370 alcohol shall be subject to the same rate as applies to beer, as provided
2371 in [subsection (a)] subdivision (1) of this section.

2372 Sec. 40. (*Effective July 1, 2019*) (a) No person, except a licensed
2373 distributor, shall, on or after July 1, 2019, sell, or after August 15, 2019,
2374 possess with intent to sell, alcoholic beverages owned by such person
2375 and held within this state on July 1, 2019, without complying with the
2376 provisions of this section. Each such person shall take an inventory of
2377 the alcoholic beverages owned by such person and held within this
2378 state at the opening of business on July 1, 2019, including therein the
2379 whole number and any fractional part of (1) barrels, half barrels,
2380 quarter barrels and wine gallons of quantities less than quarter barrels,
2381 of (A) beer, and (B) cider containing not more than seven per cent of
2382 absolute alcohol; (2) wine gallons of liquor; (3) wine gallons of still
2383 wines containing not more than twenty-one per cent of absolute
2384 alcohol; (4) wine gallons of (A) still wines containing more than
2385 twenty-one per cent of absolute alcohol, and (B) sparkling wines; (5)
2386 proof gallons of alcohol in excess of 100 proof; and (6) liquor coolers
2387 containing not more than seven per cent alcohol by volume. Not later
2388 than August 15, 2019, each such person shall file a report of such
2389 inventory with the Commissioner of Revenue Services on forms to be
2390 prescribed or furnished by said commissioner. The tax on such
2391 inventory, at the rates set forth in subsection (b) of this section, shall be
2392 due and payable on the due date of such report.

2393 (b) The tax on alcoholic beverages included in such inventory shall
2394 be at the following rates:

2395 (1) (A) Beer, and (B) cider containing not more than seven per cent
2396 of absolute alcohol, seventy-two cents for each barrel, thirty-six cents
2397 for each half barrel, eighteen cents for each quarter barrel and two
2398 cents per wine gallon or fraction thereof on quantities less than a
2399 quarter barrel;

2400 (2) Liquor, fifty-four cents per wine gallon;

2401 (3) Still wines containing not more than twenty-one per cent of
2402 absolute alcohol, seven cents per wine gallon;

2403 (4) Still wines containing more than twenty-one per cent of absolute
2404 alcohol and sparkling wines, eighteen cents per wine gallon;

2405 (5) Alcohol in excess of 100 proof, fifty-four cents per proof gallon;

2406 (6) Liquor coolers containing not more than seven per cent alcohol
2407 by volume, twenty-five cents per wine gallon; and

2408 (7) Still wines containing not more than twenty-one per cent of
2409 absolute alcohol, produced by a person who produces not more than
2410 fifty-five thousand wine gallons of wine during the calendar year, two
2411 cents per wine gallon.

2412 (c) If any person required to file a report under this section fails to
2413 file such report on or before August 15, 2019, the commissioner shall
2414 make an estimate of the amounts of alcoholic beverages of the
2415 categories specified in subsection (b) of this section owned by such
2416 person and held within this state on July 1, 2019, based on any
2417 information in the commissioner's possession or that may come into
2418 the commissioner's possession. The provisions of chapter 220 of the
2419 general statutes pertaining to failure to file returns, examination of
2420 returns by the commissioner, the issuance of deficiency assessments or
2421 assessments where no return has been filed, the collection of tax, the
2422 imposition of penalties and the accrual of interest shall apply to the
2423 persons required to pay the tax imposed under this section as if such
2424 persons were distributors licensed under chapter 220 of the general
2425 statutes. Failure to file such report and pay the tax when due shall be
2426 sufficient reason to revoke any state license or permit issued by the
2427 Department of Revenue Services to such person.

2428 (d) The Commissioner of Consumer Protection shall cooperate with
2429 the Commissioner of Revenue Services in the enforcement of the tax
2430 imposed pursuant to this section.

2431 Sec. 41. Section 12-541 of the general statutes is repealed and the
2432 following is substituted in lieu thereof (*Effective July 1, 2019, and*
2433 *applicable to sales made on or after July 1, 2019*):

2434 (a) [There] Except as provided in subsection (b) of this section, there
2435 is hereby imposed a tax of ten per cent of the admission charge to any
2436 place of amusement, entertainment or recreation. [, except that no] No
2437 tax shall be imposed with respect to any admission charge;

2438 (1) [when] When the admission charge is less than one dollar or, in
2439 the case of any motion picture show, when the admission charge is not
2440 more than five dollars; [,]

2441 (2) [when] When a daily admission charge is imposed [which] that
2442 entitles the patron to participate in an athletic or sporting activity; [,]

2443 (3) [to] To any event, other than events held at the stadium facility,
2444 as defined in section 32-651, if all of the proceeds from the event inure
2445 exclusively to an entity [which] that is exempt from federal income tax
2446 under the Internal Revenue Code, provided such entity actively
2447 engages in and assumes the financial risk associated with the
2448 presentation of such event; [,]

2449 (4) [to] To any event, other than events held at the stadium facility,
2450 as defined in section 32-651, [which] that, in the opinion of the
2451 commissioner, is conducted primarily to raise funds for an entity
2452 [which] that is exempt from federal income tax under the Internal
2453 Revenue Code, provided the commissioner is satisfied that the net
2454 profit [which] that inures to such entity from such event will exceed
2455 the amount of the admissions tax [which] that, but for this subdivision,
2456 would be imposed upon the person making such charge to such event;
2457 [,]

2458 (5) [other] Other than for events held at the stadium facility, as
2459 defined in section 32-651, paid by centers of service for elderly persons,
2460 as described in section 17a-310; [,]

2461 (6) [to] To any production featuring live performances by actors or
2462 musicians presented at Gateway's Candlewood Playhouse, Ocean
2463 Beach Park or any nonprofit theater or playhouse in the state, provided
2464 such theater or playhouse possesses evidence confirming exemption
2465 from federal tax under Section 501 of the Internal Revenue Code; [.]

2466 (7) [to] To any carnival or amusement ride; [.]

2467 (8) [to] To any interscholastic athletic event held at the stadium
2468 facility, as defined in section 32-651; [.] or

2469 (9) [if] If the admission charge would have been subject to tax under
2470 the provisions of section 12-542 of the general statutes, revision of
2471 1958, revised to January 1, 1999.

2472 (b) (1) For the following venues and events, for sales occurring on or
2473 after July 1, 2019, but prior to July 1, 2020, the tax imposed under this
2474 section shall be seven and one-half per cent of the admission charge to:

2475 (A) Any event at the XL Center in Hartford;

2476 (B) Any event at the Dunkin' Donuts Park in Hartford;

2477 (C) Any athletic event presented by a member team of the Atlantic
2478 League of Professional Baseball at the New Britain Stadium;

2479 (D) Any event at the Webster Bank Arena in Bridgeport;

2480 (E) Any event at the Oakdale Theatre in Wallingford; and

2481 (F) Any event other than an interscholastic athletic event at the
2482 stadium facility, as defined in section 32-651.

2483 (2) For the venues and events specified in subdivision (1) of this
2484 subsection, for sales occurring on or after July 1, 2020, the tax imposed
2485 under this section shall be five per cent of the admission charge.

2486 (3) On and after July 1, [2000] 2001, and prior to October 1, 2019, the

2487 tax imposed under this section on any motion picture show shall be
2488 [eight] six per cent of the admission charge and, on and after [July 1,
2489 2001] October 1, 2019, the tax imposed on any such motion picture
2490 show shall be six and thirty-five-hundredths per cent of such charge.

2491 [(b)] (c) The tax shall be imposed upon the person making such
2492 charge and reimbursement for the tax shall be collected by such person
2493 from the purchase. Such reimbursement, termed "tax", shall be paid by
2494 the purchaser to the person making the admission charge. Such tax,
2495 when added to the admission charge, shall be a debt from the
2496 purchaser to the person making the admission charge and shall be
2497 recoverable at law. The amount of tax reimbursement, when so
2498 collected, shall be deemed to be a special fund in trust for the state of
2499 Connecticut.

2500 Sec. 42. (NEW) (*Effective July 1, 2019*) (a) As used in this section:

2501 (1) "Single-use checkout bag" means a plastic bag with a thickness of
2502 less than four mils or a paper bag that is provided by a store to a
2503 customer at the point of sale. "Single-use checkout bag" does not
2504 include: (A) A compostable plastic bag; (B) a bag provided to contain
2505 meat, seafood, loose produce or other unwrapped food items; (C) a
2506 newspaper bag; or (D) a laundry or dry cleaning bag;

2507 (2) "Compostable plastic bag" means a plastic bag that (A) conforms
2508 to the American Society of Testing Materials (ASTM) standard D6400;
2509 (B) is certified and labeled as meeting the ASTM standard D6400
2510 standard specification by a recognized verification entity; and (C) is
2511 capable of undergoing biological decomposition in a compost site such
2512 that the material breaks down into carbon dioxide, water, inorganic
2513 compounds and biomass at a rate consistent with known compostable
2514 materials; and

2515 (3) "Store" means any retailer, as defined in section 12-407 of the
2516 general statutes, as amended by this act, that maintains a retail store
2517 within the state and sells tangible personal property directly to the

2518 public.

2519 (b) Each store shall charge a fee of ten cents for each single-use
2520 checkout bag provided to a customer at the point of sale. The store
2521 shall indicate the number of single-use checkout bags provided and
2522 the total amount of the fee charged on any transaction receipt provided
2523 to a customer. Any fees collected pursuant to this subsection shall be
2524 excluded from gross receipts under chapter 219 of the general statutes.

2525 (c) Each store shall report all fees collected pursuant to subsection
2526 (b) of this section to the Commissioner of Revenue Services with its
2527 return due under section 12-414 of the general statutes and remit
2528 payment at the same time and in the same form and manner required
2529 under 12-414 of the general statutes.

2530 (d) Any fees due and unpaid under this section shall be subject to
2531 the penalties and interest established under section 12-419 of the
2532 general statutes and the amount of such fee, penalty or interest, due
2533 and unpaid, may be collected under the provisions of section 12-35 of
2534 the general statutes as if they were taxes due to the state.

2535 (e) The provisions of sections 12-415, 12-416 and 12-421 to 12-428,
2536 inclusive, of the general statutes shall apply to the provisions of this
2537 section in the same manner and with the same force and effect as if the
2538 language of said sections had been incorporated in full into this section
2539 and had expressly referred to the fee imposed under this section,
2540 except to the extent that any such provision is inconsistent with a
2541 provision of this section.

2542 (f) The Commissioner of Revenue Services, in consultation with the
2543 Commissioner of Energy and Environmental Protection, may adopt
2544 regulations in accordance with the provisions of chapter 54 of the
2545 general statutes, to carry out the provisions of this section.

2546 (g) At the close of each fiscal year commencing with the fiscal year
2547 ending June 30, 2020, the Comptroller is authorized to record as
2548 revenue for such fiscal year the amount of the fee imposed under the

2549 provisions of this section that is received by the Commissioner of
2550 Revenue Services not later than five business days from the last day of
2551 July immediately following the end of such fiscal year.

2552 Sec. 43. Section 12-263q of the general statutes is repealed and the
2553 following is substituted in lieu thereof (*Effective from passage*):

2554 (a) (1) For each calendar quarter commencing on or after July 1,
2555 2017, each hospital shall pay a tax on the total net revenue received by
2556 such hospital for the provision of inpatient hospital services and
2557 outpatient hospital services.

2558 (A) On and after July 1, 2017, [and prior to July 1, 2019,] the rate of
2559 tax for the provision of inpatient hospital services shall be six per cent
2560 of each hospital's audited net revenue for the fiscal year, [2016] as set
2561 forth in subparagraph (C) of this subdivision, attributable to inpatient
2562 hospital services.

2563 (B) On and after July 1, 2017, [and prior to July 1, 2019,] the rate of
2564 tax for the provision of outpatient hospital services shall be nine
2565 hundred million dollars less the total tax imposed on all hospitals for
2566 the provision of inpatient hospital services, which sum shall be
2567 divided by the total audited net revenue for the fiscal year, [2016] as
2568 set forth in subparagraph (C) of this subdivision, attributable to
2569 outpatient hospital services, of all hospitals that are required to pay
2570 such tax.

2571 (C) [On and after July 1, 2019, the rate of tax for the provision of
2572 inpatient hospital services and outpatient hospital services shall be
2573 three hundred eighty-four million dollars divided by the total audited
2574 net revenue for fiscal year 2016, of all hospitals that are required to pay
2575 such tax.] For the state fiscal years commencing July 1, 2017, and July
2576 1, 2018, the fiscal year upon which the tax shall be imposed under
2577 subparagraphs (A) and (B) of this subdivision shall be fiscal year 2016.
2578 For the biennium commencing July 1, 2019, and for each biennium
2579 thereafter, the fiscal year upon which the tax shall be imposed under

2580 subparagraphs (A) and (B) of this subdivision for each year of the
2581 biennium shall be the fiscal year occurring three years prior to the first
2582 state fiscal year of each biennium.

2583 (D) If a hospital or hospitals subject to the tax imposed under this
2584 subdivision merge, consolidate or otherwise reorganize, the surviving
2585 hospital shall assume and be liable for the total tax imposed under this
2586 subdivision on the merging, consolidating or reorganizing hospitals,
2587 including any outstanding liabilities from periods prior to such
2588 merger, consolidation or reorganization. If a hospital ceases to operate
2589 as a hospital for any reason other than a merger, consolidation or
2590 reorganization, or ceases for any reason to be subject to the tax
2591 imposed under this subdivision, the amount of tax due from each
2592 taxpayer under this subdivision shall not be recalculated to take into
2593 account such occurrence but the total amount of such tax to be
2594 collected under subparagraphs (A) and (B) of this subdivision shall be
2595 reduced by the amount of the tax liability imposed on the hospital that
2596 is no longer subject to the tax.

2597 (E) (i) If the Commissioner of Social Services determines for any
2598 fiscal year that the effective rate of tax for the tax imposed on net
2599 revenue for the provision of inpatient hospital services exceeds the rate
2600 permitted under the provisions of 42 CFR 433.68(f), as amended from
2601 time to time, the amount of tax collected that exceeds the permissible
2602 amount shall be refunded to hospitals, in proportion to the amount of
2603 net revenue for the provision of inpatient hospital services upon which
2604 the hospitals were taxed. The effective rate of tax shall be calculated by
2605 comparing the amount of tax paid by hospitals on net revenue for the
2606 provision of inpatient hospital services in a state fiscal year with the
2607 amount of net revenue received by hospitals subject to the tax for the
2608 provision of inpatient hospital services for the equivalent fiscal year.

2609 (ii) On or before July 1, 2020, and annually thereafter, each hospital
2610 subject to the tax imposed under this subdivision shall report to the
2611 Commissioner of Social Services, in the manner prescribed by and on
2612 forms provided by said commissioner, the amount of tax paid

2613 pursuant to this subsection by such hospital and the amount of net
2614 revenue received by such hospital for the provision of inpatient
2615 hospital services, in the state fiscal year commencing two years prior to
2616 each such reporting date. Not later than ninety days after said
2617 commissioner receives completed reports from all hospitals required to
2618 submit such reports, said commissioner shall notify the Commissioner
2619 of Revenue Services of the amount of any refund due each hospital to
2620 be in compliance with 42 CFR 433.68(f), as amended from time to time.
2621 Not later than thirty days after receiving such notice, the
2622 Commissioner of Revenue Services shall notify the Comptroller of the
2623 amount of each such refund and the Comptroller shall draw an order
2624 on the Treasurer for payment of each such refund. No interest shall be
2625 added to any refund issued pursuant to this subparagraph.

2626 (2) Except as provided in subdivision (3) of this subsection, each
2627 [such] hospital subject to the tax imposed under subdivision (1) of this
2628 subsection shall be required to pay the total amount due in four
2629 quarterly payments consistent with section 12-263s, with the first
2630 quarter commencing with the first day of each state fiscal year and the
2631 last quarter ending on the last day of each state fiscal year. Hospitals
2632 shall make all payments required under this subsection in accordance
2633 with procedures established by and on forms provided by the
2634 commissioner.

2635 (3) (A) For the state fiscal year commencing July 1, 2017, each
2636 hospital required to pay tax on inpatient hospital services or outpatient
2637 hospital services shall make an estimated tax payment on December
2638 15, 2017, which estimated payment shall be equal to one hundred
2639 thirty-three per cent of the tax due under chapter 211a for the period
2640 ending June 30, 2017. If a hospital was not required to pay tax under
2641 [said] chapter 211a on either inpatient hospital services or outpatient
2642 hospital services, such hospital shall make its estimated payment
2643 based on its unaudited net patient revenue.

2644 (B) Each hospital required to pay tax pursuant to this subdivision on
2645 inpatient hospital services or outpatient hospital services shall pay the

2646 remaining balance determined to be due in two equal payments, which
2647 shall be due on April 30, 2018, and July 31, 2018, respectively.

2648 (C) (i) For each state fiscal year commencing on or after July 1, 2017,
2649 and prior to July 1, 2019, each hospital required to pay tax on inpatient
2650 hospital services or outpatient hospital services shall calculate the
2651 amount of tax due on forms prescribed by the commissioner by
2652 multiplying the applicable rate set forth in subdivision (1) of this
2653 subsection by its audited net revenue for fiscal year 2016. [Hospitals
2654 shall make all payments required under this section in accordance with
2655 procedures established by and on forms provided by the
2656 commissioner.]

2657 (ii) For each state fiscal year commencing on or after July 1, 2019,
2658 each hospital required to pay tax on inpatient hospital services or
2659 outpatient hospital services shall calculate the amount of tax due on
2660 forms prescribed by the commissioner by multiplying the applicable
2661 rate set forth in subdivision (1) of this subsection by its audited net
2662 revenue for the fiscal year, as set forth in subparagraph (C) of
2663 subdivision (1) of this subsection.

2664 (D) The commissioner shall apply any payment made by a hospital
2665 in connection with the tax under chapter 211a for the period ending
2666 September 30, 2017, as a partial payment of such hospital's estimated
2667 tax payment due on December 15, 2017, under subparagraph (A) of
2668 this subdivision. The commissioner shall return to a hospital any credit
2669 claimed by such hospital in connection with the tax imposed under
2670 [said] chapter 211a for the period ending September 30, 2017, for
2671 assignment as provided under section 12-263s.

2672 (4) (A) [Each] (i) For each state fiscal year commencing on or after
2673 July 1, 2017, and prior to July 1, 2019, each hospital required to pay tax
2674 on inpatient hospital services or outpatient hospital services shall
2675 submit to the commissioner such information as the commissioner
2676 requires in order to calculate the audited net inpatient revenue for
2677 fiscal year 2016, the audited net outpatient revenue for fiscal year 2016

2678 and the audited net revenue for fiscal year 2016 of all such health care
2679 providers. Such information shall be provided to the commissioner not
2680 later than January 1, 2018. The commissioner shall make additional
2681 requests for information as necessary to fully audit each hospital's net
2682 revenue. Upon completion of the commissioner's examination, the
2683 commissioner shall notify, prior to February 28, 2018, each hospital of
2684 its audited net inpatient revenue for fiscal year 2016, audited net
2685 outpatient revenue for fiscal year 2016 and audited net revenue for
2686 fiscal year 2016.

2687 (ii) For each state fiscal year commencing on or after July 1, 2019,
2688 each hospital required to pay tax on inpatient hospital services or
2689 outpatient hospital services shall submit to the commissioner
2690 biennially such information as the commissioner requires in order to
2691 calculate for the applicable fiscal year, as set forth in subparagraph (C)
2692 of subdivision (1) of this subsection, the audited net inpatient revenue,
2693 the audited net outpatient revenue and the audited net revenue of all
2694 such health care providers. For the state fiscal year commencing July 1,
2695 2019, such information shall be provided to the commissioner not later
2696 than June 30, 2019. For the biennium commencing July 1, 2021, and
2697 each biennium thereafter, such information shall be provided to the
2698 commissioner not later than January fifteenth of the second year of the
2699 biennium immediately preceding. The commissioner shall make
2700 additional requests for information as necessary to fully audit each
2701 hospital's net revenue. Upon completion of the commissioner's
2702 examination, the commissioner shall notify each hospital of its audited
2703 net inpatient revenue, audited net outpatient revenue and audited net
2704 revenue for the applicable fiscal year, as set forth in subparagraph (C)
2705 of subdivision (1) of this subsection.

2706 (B) Any hospital that fails to provide the requested information
2707 [prior to January 1, 2018,] by the dates specified in subparagraph (A) of
2708 this subdivision or fails to comply with a request for additional
2709 information made under this subdivision shall be subject to a penalty
2710 of one thousand dollars per day for each day the hospital fails to

2711 provide the requested information or additional information.

2712 (C) The commissioner may engage an independent auditor to assist
2713 in the performance of the commissioner's duties and responsibilities
2714 under this subdivision.

2715 (5) Net revenue derived from providing a health care item or service
2716 to a patient shall be taxed only one time under this section.

2717 (6) (A) For purposes of this section:

2718 (i) ["Audited net inpatient revenue for fiscal year 2016"] "Audited
2719 net inpatient revenue for the fiscal year" means the amount of revenue
2720 that the commissioner determines, in accordance with federal law, that
2721 a hospital received for the provision of inpatient hospital services
2722 during the [2016] applicable federal fiscal year;

2723 (ii) ["Audited net outpatient revenue for fiscal year 2016"] "Audited
2724 net outpatient revenue for the fiscal year" means the amount of
2725 revenue that the commissioner determines, in accordance with federal
2726 law, that a hospital received for the provision of outpatient hospital
2727 services during the [2016] applicable federal fiscal year; and

2728 (iii) ["Audited net revenue for fiscal year 2016"] "Audited net
2729 revenue for the fiscal year" means net revenue, as reported in each
2730 hospital's audited financial statement, less the amount of revenue that
2731 the commissioner determines, in accordance with federal law, that a
2732 hospital received from other than the provision of inpatient hospital
2733 services and outpatient hospital services. The total audited net revenue
2734 for the fiscal year [2016] shall be the sum of all audited net revenue for
2735 the applicable fiscal year [2016] for all hospitals required to pay tax on
2736 inpatient hospital services and outpatient hospital services.

2737 (B) Audited net inpatient revenue and audited net outpatient
2738 revenue shall be based on information provided by each hospital
2739 required to pay tax on inpatient hospital services or outpatient hospital
2740 services.

2741 (b) (1) The Commissioner of Social Services shall seek approval from
2742 the Centers for Medicare and Medicaid Services to exempt from the
2743 net revenue tax imposed under subsection (a) of this section the
2744 following: (A) Specialty hospitals; (B) children's general hospitals; and
2745 (C) hospitals operated exclusively by the state other than a short-term
2746 acute hospital operated by the state as a receiver pursuant to chapter
2747 920. Any hospital for which the Centers for Medicare and Medicaid
2748 Services grants an exemption shall be exempt from the net revenue tax
2749 imposed under subsection (a) of this section. Any hospital for which
2750 the Centers for Medicare and Medicaid Services denies an exemption
2751 shall be deemed to be a hospital for purposes of this section and shall
2752 be required to pay the net revenue tax imposed under subsection (a) of
2753 this section on inpatient hospital services and outpatient hospital
2754 services.

2755 (2) Each hospital shall provide to the Commissioner of Social
2756 Services, upon request, such information as said commissioner may
2757 require to make any computations necessary to seek approval for
2758 exemption under this subsection.

2759 (3) As used in this subsection, (A) "specialty hospital" means a
2760 health care facility, as defined in section 19a-630, other than a facility
2761 licensed by the Department of Public Health as a short-term general
2762 hospital or a short-term children's hospital. "Specialty hospital"
2763 includes, but is not limited to, a psychiatric hospital or a chronic
2764 disease hospital, and (B) "children's general hospital" means a health
2765 care facility, as defined in section 19a-630, that is licensed by the
2766 Department of Public Health as a short-term children's hospital.
2767 "Children's general hospital" does not include a specialty hospital.

2768 (c) Prior to [January 1, 2018] July 1, 2019, and every three years
2769 thereafter, the Commissioner of Social Services shall seek approval
2770 from the Centers for Medicare and Medicaid Services to exempt
2771 financially distressed hospitals from the net revenue tax imposed on
2772 outpatient hospital services. Any such hospital for which the Centers
2773 for Medicare and Medicaid Services grants an exemption shall be

2774 exempt from the net revenue tax imposed on outpatient hospital
2775 services under subsection (a) of this section. Any hospital for which the
2776 Centers for Medicare and Medicaid Services denies an exemption shall
2777 be required to pay the net revenue tax imposed on outpatient hospital
2778 services under subsection (a) of this section. For purposes of this
2779 subsection, "financially distressed hospital" means a hospital that has
2780 experienced over a five-year period an average net loss of more than
2781 five per cent of aggregate revenue. A hospital has an average net loss
2782 of more than five per cent of aggregate revenue if such a loss is
2783 reflected in the five most recent years of financial reporting that have
2784 been made available by the Health Systems Planning Unit of the Office
2785 of Health Strategy for such hospital in accordance with section 19a-670
2786 as of the effective date of the request for approval which effective date
2787 shall be July first of the year in which the request is made.

2788 (d) The commissioner shall issue guidance regarding the
2789 administration of the tax on inpatient hospital services and outpatient
2790 hospital services. Such guidance shall be issued upon completion of a
2791 study of the applicable federal law governing the administration of tax
2792 on inpatient hospital services and outpatient hospital services. The
2793 commissioner shall conduct such study in collaboration with the
2794 Commissioner of Social Services, the Secretary of the Office of Policy
2795 and Management, the Connecticut Hospital Association and the
2796 hospitals subject to the tax imposed on inpatient hospital services and
2797 outpatient hospital services.

2798 (e) (1) The commissioner shall determine, in consultation with the
2799 Commissioner of Social Services, the Secretary of the Office of Policy
2800 and Management, the Connecticut Hospital Association and the
2801 hospitals subject to the tax imposed on inpatient hospital services and
2802 outpatient hospital services, if there is any underreporting of revenue
2803 on hospitals' audited financial statements. Such consultation shall only
2804 be as authorized under section 12-15. The commissioner shall issue
2805 guidance, if necessary, to address any such underreporting.

2806 (2) If the commissioner determines, in accordance with this

2807 subsection, that a hospital underreported net revenue on its audited
2808 financial statement, the amount of underreported net revenue shall be
2809 added to the amount of net revenue reported on such hospital's
2810 audited financial statement so as to comply with federal law and the
2811 revised net revenue amount shall be used for purposes of calculating
2812 the amount of tax owed by such hospital under this section. For
2813 purposes of this subsection, "underreported net revenue" means any
2814 revenue of a hospital subject to the tax imposed under this section that
2815 is required to be included in net revenue from the provision of
2816 inpatient hospital services and net revenue from the provision of
2817 outpatient hospital services to comply with 42 CFR 433.56, as amended
2818 from time to time, 42 CFR 433.68, as amended from time to time, and
2819 Section 1903(w) of the Social Security Act, as amended from time to
2820 time, but that was not reported on such hospital's audited financial
2821 statement. Underreported net revenue shall only include revenue of
2822 the hospital subject to such tax.

2823 (f) Nothing in this section shall affect the commissioner's obligations
2824 under section 12-15 regarding disclosure and inspection of returns and
2825 return information.

2826 (g) The provisions of section 17b-8 shall not apply to any exemption
2827 or exemptions sought by the [Department] Commissioner of Social
2828 Services from the Centers for Medicare and Medicaid Services under
2829 this section.

2830 Sec. 44. Subsection (a) of section 12-263r of the general statutes is
2831 repealed and the following is substituted in lieu thereof (*Effective from*
2832 *passage*):

2833 (a) For each calendar quarter commencing on or after July 1, 2017,
2834 there is hereby imposed a quarterly fee on each nursing home and
2835 intermediate care facility in this state, which fee shall be the product of
2836 each facility's total resident days during the calendar quarter
2837 multiplied by the user fee. Except as otherwise provided in this
2838 section, (1) the user fee for nursing homes shall be twenty-one dollars

2839 and two cents, and (2) the user fee for intermediate care facilities shall
2840 be (A) twenty-seven dollars and twenty-six cents for calendar quarters
2841 commencing on or after July 1, 2017, and prior to July 1, 2019, and (B)
2842 twenty-seven dollars and seventy-six cents for calendar quarters
2843 commencing on or after July 1, 2019. As used in this subsection,
2844 "resident day" means nursing home resident day and intermediate care
2845 facility resident day, as applicable.

2846 Sec. 45. Section 12-571 of the general statutes is repealed and the
2847 following is substituted in lieu thereof (*Effective October 1, 2019*):

2848 (a) The Commissioner of Consumer Protection shall enter into
2849 negotiations with a person or business organization for the award of a
2850 contract of sale of the off-track betting system including, but not
2851 limited to, the assets and liabilities of the system and the right to
2852 operate the system. Such contract of sale shall authorize the purchaser
2853 of the system to establish and conduct a system of off-track betting on
2854 races held within or without the state pursuant to the provisions of this
2855 chapter. All proceeds derived from such sale shall be deposited as
2856 provided in section 39 of public act 93-332. Until the effective date of
2857 transfer of ownership of the off-track betting system, the commissioner
2858 shall establish and conduct systems of off-track betting on races held
2859 within or without the state pursuant to the provisions of this chapter.

2860 (b) It is hereby declared that off-track betting on races conducted
2861 under the administration or regulatory authority of the department in
2862 the manner and subject to the conditions of this chapter shall be lawful
2863 notwithstanding the provisions of any other law, general, special or
2864 municipal, including any law prohibiting or restricting lotteries,
2865 bookmaking or any other kind of gambling, it being the purpose of this
2866 chapter to derive from such betting, as authorized by this chapter, a
2867 reasonable revenue for the support of state government and to prevent
2868 and curb unlawful bookmaking and illegal betting on races.

2869 [(b)] (c) Until the effective date of transfer of ownership of the off-
2870 track betting system, the commissioner shall adopt rules and

2871 regulations, consistent with this chapter, establishing and governing
2872 the permitted method or methods of operation of the system of off-
2873 track betting.

2874 (d) For the purposes of this section, the effective date of transfer of
2875 ownership of the off-track betting system was June 30, 1993.

2876 Sec. 46. (NEW) (*Effective October 1, 2019*) (a) For the purposes of this
2877 section, "advance deposit wager" means an off-track betting wager on
2878 racing events by means of telephone or other electronic means. Any
2879 advance deposit wager that originates or is placed from within the
2880 boundaries of the state shall be considered to be a wager made
2881 exclusively in the state.

2882 (b) (1) No person or business organization, other than the
2883 authorized operator of the off-track betting system, shall conduct off-
2884 track betting in the state or accept off-track betting wagers or advance
2885 deposit wagers originating or placed from within the boundaries of the
2886 state.

2887 (2) A violation of subdivision (1) of this subsection shall be an unfair
2888 trade practice pursuant to subsection (a) of section 42-110b of the
2889 general statutes and any person or business organization that violates
2890 the provisions of said subdivision shall be further subject to the
2891 penalty for professional gambling, as provided in subsection (b) of
2892 section 53-278b of the general statutes, and for transmission of
2893 gambling information, as provided in subsection (a) of section 53-278d
2894 of the general statutes.

2895 Sec. 47. (*Effective from passage*) For the fiscal years ending June 30,
2896 2020, and June 30, 2021, the amount deemed appropriated pursuant to
2897 sections 3-20i and 3-115b of the general statutes in each such fiscal year
2898 shall be one dollar.

2899 Sec. 48. (*Effective July 1, 2019*) Not later than June 30, 2020, the
2900 Comptroller shall transfer \$20,000,000 of the resources of the Special
2901 Transportation Fund for the fiscal year ending June 30, 2020, to be

2902 accounted for as revenue of the Special Transportation Fund for the
2903 fiscal year ending June 30, 2021.

2904 Sec. 49. (*Effective from passage*) Not later than June 30, 2019, the
2905 Comptroller shall designate \$100,000,000 of the resources of the
2906 General Fund for the fiscal year ending June 30, 2019, to be accounted
2907 for as revenue of the General Fund as follows: (1) \$50,000,000 for the
2908 fiscal year ending June 30, 2020, and \$50,000,000 for the fiscal year
2909 ending June 30, 2021.

2910 Sec. 50. Subdivision (1) of subsection (a) of section 12-217 of the
2911 general statutes is repealed and the following is substituted in lieu
2912 thereof (*Effective from passage*):

2913 (a) (1) In arriving at net income as defined in section 12-213, whether
2914 or not the taxpayer is taxable under the federal corporation net income
2915 tax, there shall be deducted from gross income, (A) all items deductible
2916 under the Internal Revenue Code effective and in force on the last day
2917 of the income year except (i) any taxes imposed under the provisions
2918 of this chapter which are paid or accrued in the income year and in the
2919 income year commencing January 1, 1989, and thereafter, any taxes in
2920 any state of the United States or any political subdivision of such state,
2921 or the District of Columbia, imposed on or measured by the income or
2922 profits of a corporation which are paid or accrued in the income year,
2923 (ii) deductions for depreciation, which shall be allowed as provided in
2924 subsection (b) of this section, (iii) deductions for qualified domestic
2925 production activities income, as provided in Section 199 of the Internal
2926 Revenue Code, and (iv) in the case of any captive real estate
2927 investment trust, the deduction for dividends paid provided under
2928 Section 857(b)(2) of the Internal Revenue Code, and (B) additionally, in
2929 the case of a regulated investment company, the sum of (i) the exempt-
2930 interest dividends, as defined in the Internal Revenue Code, and (ii)
2931 expenses, bond premium, and interest related to tax-exempt income
2932 that are disallowed as deductions under the Internal Revenue Code,
2933 and (C) in the case of a taxpayer maintaining an international banking
2934 facility as defined in the laws of the United States or the regulations of

2935 the Board of Governors of the Federal Reserve System, as either may
2936 be amended from time to time, the gross income attributable to the
2937 international banking facility, provided, no expense or loss attributable
2938 to the international banking facility shall be a deduction under any
2939 provision of this section, and (D) additionally, in the case of all
2940 taxpayers, all dividends as defined in the Internal Revenue Code
2941 effective and in force on the last day of the income year not otherwise
2942 deducted from gross income, including dividends received from a
2943 DISC or former DISC as defined in Section 992 of the Internal Revenue
2944 Code and dividends deemed to have been distributed by a DISC or
2945 former DISC as provided in Section 995 of said Internal Revenue Code,
2946 other than thirty per cent of dividends received from a domestic
2947 corporation in which the taxpayer owns less than twenty per cent of
2948 the total voting power and value of the stock of such corporation, and
2949 (E) additionally, in the case of all taxpayers, the value of any capital
2950 gain realized from the sale of any land, or interest in land, to the state,
2951 any political subdivision of the state, or to any nonprofit land
2952 conservation organization where such land is to be permanently
2953 preserved as protected open space or to a water company, as defined
2954 in section 25-32a, where such land is to be permanently preserved as
2955 protected open space or as Class I or Class II water company land, and
2956 (F) in the case of manufacturers, the amount of any contribution to a
2957 manufacturing reinvestment account established pursuant to section
2958 32-9zz in the income year that such contribution is made to the extent
2959 not deductible for federal income tax purposes, [(G) additionally, to
2960 the extent allowable under subsection (g) of section 32-776, the amount
2961 paid by a 7/7 participant, as defined in section 32-776, for the
2962 remediation of a brownfield,] and [(H)] (G) the amount of any
2963 contribution made on or after December 23, 2017, by the state of
2964 Connecticut or a political subdivision thereof to the extent included in
2965 a company's gross income under Section 118(b)(2) of the Internal
2966 Revenue Code.

2967 Sec. 51. Sections 12-704f and 32-776 of the general statutes are
2968 repealed. *(Effective from passage and applicable to taxable years commencing*

2969 *on or after January 1, 2019)*

2970 Sec. 52. Section 16-331ii of the general statutes is repealed. (*Effective*
2971 *July 1, 2019)*

2972 Sec. 53. Subdivision (91) of section 12-412 of the general statutes is
2973 repealed. (*Effective January 1, 2020)*

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>from passage</i> | New section |
| Sec. 2 | <i>from passage and applicable to taxable years commencing on or after January 1, 2019</i> | 12-701(a)(20)(B) |
| Sec. 3 | <i>January 1, 2020</i> | New section |
| Sec. 4 | <i>from passage and applicable to gifts made on or after January 1, 2019</i> | 12-640 |
| Sec. 5 | <i>from passage</i> | 12-642 |
| Sec. 6 | <i>from passage and applicable to estates of decedents dying on or after January 1, 2019</i> | 12-643(3) |
| Sec. 7 | <i>from passage and applicable to estates of decedents dying on or after January 1, 2019</i> | 12-391(c) to (e) |
| Sec. 8 | <i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i> | 12-408(1)(L) |
| Sec. 9 | <i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i> | 12-411(1)(K) |
| Sec. 10 | <i>October 1, 2019, and applicable to sales occurring on or after October 1, 2019</i> | 12-407(a)(13) |

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| Sec. 11 | <i>October 1, 2019, and applicable to sales occurring on or after October 1, 2019</i> | 12-407(a) |
| Sec. 12 | <i>October 1, 2019, and applicable to sales occurring on or after October 1, 2019</i> | 12-410(5) |
| Sec. 13 | <i>October 1, 2019, and applicable to sales occurring on or after October 1, 2019</i> | 12-407(a)(37) |
| Sec. 14 | <i>from passage</i> | 13b-121(b) and (c) |
| Sec. 15 | <i>January 1, 2020, and applicable to sales occurring on or after January 1, 2020</i> | 12-408(1) |
| Sec. 16 | <i>January 1, 2020, and applicable to sales occurring on or after January 1, 2020</i> | 12-411(1) |
| Sec. 17 | <i>January 1, 2020, and applicable to sales occurring on or after January 1, 2020</i> | 12-407(a)(37) |
| Sec. 18 | <i>January 1, 2020, and applicable to sales occurring on or after January 1, 2020</i> | 12-412 |
| Sec. 19 | <i>July 1, 2019</i> | New section |
| Sec. 20 | <i>from passage</i> | 12-704c |
| Sec. 21 | <i>July 1, 2019</i> | 12-498 |
| Sec. 22 | <i>from passage and applicable to taxable years commencing on or after January 1, 2019</i> | 12-284b(b) |
| Sec. 23 | <i>from passage and applicable to taxable years commencing on or after January 1, 2019</i> | 12-217jj(e)(2) |
| Sec. 24 | <i>from passage</i> | 12-219(a)(1) |

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| Sec. 25 | <i>from passage and applicable to income years commencing on or after January 1, 2019</i> | 12-214(b)(8) |
| Sec. 26 | <i>from passage</i> | 12-214 |
| Sec. 27 | <i>from passage and applicable to income years commencing on or after January 1, 2019</i> | 12-219(b)(8) |
| Sec. 28 | <i>from passage</i> | 12-219 |
| Sec. 29 | <i>from passage, and applicable to income years commencing on or after January 1, 2019</i> | 12-218e(k)(1) |
| Sec. 30 | <i>July 1, 2019</i> | 34-38n(a) |
| Sec. 31 | <i>July 1, 2019</i> | 34-243u(a) |
| Sec. 32 | <i>July 1, 2019</i> | 34-413(a) |
| Sec. 33 | <i>July 1, 2019, and applicable to income and taxable years commencing on or after January 1, 2019</i> | 12-704d |
| Sec. 34 | <i>from passage and applicable to income years commencing on or after January 1, 2019</i> | 12-217zz(a) |
| Sec. 35 | <i>from passage and applicable to quarterly periods commencing on or after July 1, 2019</i> | New section |
| Sec. 36 | <i>July 1, 2019</i> | 12-264(a) |
| Sec. 37 | <i>July 1, 2019</i> | 12-326a(b) |
| Sec. 38 | <i>October 1, 2019, and applicable to sales occurring on or after October 1, 2019</i> | New section |
| Sec. 39 | <i>July 1, 2019, and applicable to sales occurring on or after July 1, 2019</i> | 12-435 |
| Sec. 40 | <i>July 1, 2019</i> | New section |

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| Sec. 41 | <i>July 1, 2019, and applicable to sales made on or after July 1, 2019</i> | 12-541 |
| Sec. 42 | <i>July 1, 2019</i> | New section |
| Sec. 43 | <i>from passage</i> | 12-263q |
| Sec. 44 | <i>from passage</i> | 12-263r(a) |
| Sec. 45 | <i>October 1, 2019</i> | 12-571 |
| Sec. 46 | <i>October 1, 2019</i> | New section |
| Sec. 47 | <i>from passage</i> | New section |
| Sec. 48 | <i>July 1, 2019</i> | New section |
| Sec. 49 | <i>from passage</i> | New section |
| Sec. 50 | <i>from passage</i> | 12-217(a)(1) |
| Sec. 51 | <i>from passage and applicable to taxable years commencing on or after January 1, 2019</i> | Repealer section |
| Sec. 52 | <i>July 1, 2019</i> | Repealer section |
| Sec. 53 | <i>January 1, 2020</i> | Repealer section |

FIN *Joint Favorable Subst.*